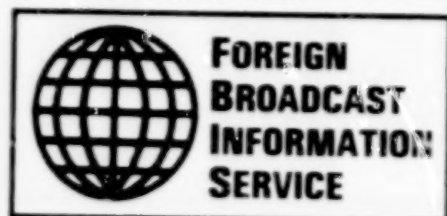


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JPRS Report

East Asia

Southeast Asia

10 SEPTEMBER 1987

EAST ASIA
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AUSTRALIAN PAPER URGES AGAINST PRESSURING NEW ZEALAND

Melbourne THE AGE in English 9 Jul 87 p 13

[Editorial: "Keep Calm About New Zealand"]

[Text]

IT is a matter of surprise and relief that the election campaign has demonstrated little difference between the parties on the big foreign policy and defence issues. Things are likely to remain much the same after Saturday, whoever wins. There are exceptions to this unusual degree of bipartisanship. The question of what Australia ought to do about South Africa is one of them. Anzus, it now appears, is another. Both the Government and the coalition parties are agreed on the central importance of Australia's defence arrangements with the United States, which is as it should be. New Zealand's decision to place itself beyond the pale by refusing to accept American naval vessels unless Wellington is satisfied that they are not carrying nuclear weapons has, if anything, strengthened ties between Australia and the US. Anzus is a highly effective treaty for Australia and will remain so. Where the Government and the coalition parties differ, however, is on the attitude that Australia should take towards a post-Anzus New Zealand.

The two societies have much in common, even without a mutual defence treaty. Should the lack of such a formal understanding impinge on other aspects of the trans-Tasman relationship? Australia's National Party certainly thinks so if the remarks made earlier this week by its leader, Mr Sinclair, are anything to go by. Mr Sinclair said that Australia's special trade agreement with New Zealand should end if Wellington did not rejoin Anzus. The Liberal spokesman on these matters, Mr Brown, agrees. Even the Opposition Leader, Mr Howard, says that he understands why Mr Sinclair should say such a thing. In wanting to bring direct pressure to bear on New Zealand, they ignore the fact that New Zealand is a sovereign nation with the unquestionable right to decide its own affairs. It is entitled to make its own decisions about defence whether we like it or not.

Australia is understandably concerned about New Zealand's attitude towards Anzus and looks forward to the day when a future government in Wellington asks for readmittance. In the meanwhile, Canberra is obliged to tailor its defence cooperation accordingly. But for the Opposition to suggest that New Zealand should be bullied back into Anzus through the application of economic pressure is a foolish and ultimately self-defeating proposition. Even New Zealand's National Party is indicating that the ban on nuclear visits may remain if it

gains office in next month's general election. Any Australian pressure on Wellington would surely increase the desire of New Zealanders to assert their sovereign independence. The Closer Economic Relationship has proved to be a little painful to Australia in some respects. In the main, however, certainly over the long term, the CER is in Australia's best interests. Apart from anything else, New Zealand is an important customer for Australia's embattled manufacturing industry. The only responsible policy for an Australian Government to follow is one of patiently and persistently trying to show New Zealand the error of its beliefs on security in an increasingly dangerous part of the world. We will not achieve that through threats or confrontation.

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CSO: 5200/4316

SYDNEY DAILY HITS FIJI REPUBLICANISM 'THREAT'

Sydney THE SYDNEY MORNING HERALD in English 22 Jul 87 p 14

[Editorial: "Fiji's Dangerous Republicans"]

[Text]

EVER SINCE Colonel Rabuka staged his audacious coup two months ago, Fijian politics has become a complex and subtle tug of war between two major forces: the naked if relatively courtly power of the radicalised Fijian military, whose sudden intervention in politics seems to have acquired growing legitimacy among ethnic Fijians, and the countervailing legitimacy of the Governor-General, Ratu Sir Penaia Ganilau. With Dr Bavadra largely impotent in the deliberations on Fiji's new political structure, the only group capable of mediating between the military and Ratu Sir Penaia has been the newly-powerful Council of Chiefs.

The outcome of this week's all-important gathering of the Great Council of Chiefs cannot be prejudged, but it will test severely Ratu Sir Penaia's ability to fashion an even remotely viable "constitutional" solution. Moreover, if recent reports are correct, and an impatient republicanism has taken hold of key segments of ethnic Fijian opinion, including some of the chiefs, the Governor-General would seem to be on the defensive once again, at least for the moment. For even if the republican push among ethnic Fijians is mainly

aimed at the hapless Dr Bavadra and his anticipated constitutional appeal to the Privy Council, as well as entrenching ethnic Fijian dominance over the country's slight Indo-Fijian majority, it also insults the Governor-General.

Since the coup, Ratu Sir Penaia has nobly sought to uphold the virtues of law and order, constitutionalism, and the intimate ties which have existed for more than a century between the British Crown and Fiji's political rulers, traditional and modern alike. In this effort, he has been reinforced powerfully by universal international support, especially from the South Pacific nations and the Commonwealth, from Whitehall and Washington, and from Buckingham Palace.

Clearly, the brand of republicanism being advocated in Fiji is just a pretext to impose an undemocratic, utopian solution to a complex set of problems that can only be resolved by gradualism and, ultimately, inter-ethnic reconciliation. As Ratu Sir Penaia well knows, the political and economic costs of declaring Fiji a republic would be far worse than the damage already done in the last two months. In particular, it would imperil the trade privileges Fiji enjoys (especially in Europe)

by virtue of its special ties with Britain.

Whether this republican nostrum will be endorsed by the chiefs remains doubtful. But its growing popularity among ethnic Fijians can only further alienate most Indo-Fijians and destabilise Ratu Sir Penaia's efforts to elicit reasonable solutions from this week's meeting of the chiefs. His authority is again under threat from his own, notably from Taukei, the populist movement whose protests against the Bavadra Government provided the flimsy pretext for the May coup.

The new threat to any viable solution to the Fijian crisis comes not from a hint of further intervention by the military, but from a political and cultural mobilisation of ethnic Fijian resentments which flows directly from Colonel Rabuka's original act. Colonel Rabuka may prefer a moderate solution — constitutional and electoral tinkering, not a final constitutional revolution. But his more extreme supporters, such as those who claimed falsely yesterday that he had resigned from the Governor-General's constitutional review committee, can only heighten tensions at a crucial stage in Fiji's political consolidation.

DAILY VIEWS GORBACHEV PACIFIC GAINS SINCE VLADIVOSTOK

Sydney TEL SYDNEY MORNING HERALD in English 28 Jul 87 p 17

[Article by Patrick Walters]

[Text]

CANBERRA: One year after his Vladivostok speech, Mikhail Gorbachev can be satisfied with Asian-Pacific reaction to his new diplomacy.

The Kremlin, determined to arrest the decline of its influence in the region, has found that a more pragmatic, flexible foreign policy is paying dividends without the need for significant concessions.

But the degree of enthusiasm for his post-Vladivostok overtures varies in inverse proportion to the distance of each Asia-Pacific country from Vladivostok.

Japan and China have largely dismissed the Gorbachev rhetoric. The ASEAN countries, Indonesia excepted, have been indifferent. But Canberra has cautiously welcomed the Soviets to the Pacific.

The text of Mr Gorbachev's interview with an Indonesian newspaper last week, when he announced his only significant concession since the Vladivostok address — the offer to remove Soviet land-based missiles from Asia — shows where the Soviets feel they have made progress.

"The South Pacific Forum put together the Rarotonga Treaty. Indonesia is actively promoting a concept of making South-East Asia a nuclear-free zone.

"Australia and New Zealand, with the broad support from the world public, strongly oppose French nuclear testing in the Pacific," he said.

What Canberra Soviet-watchers ask is whether the Vladivostok initiative signifies a fundamental change in Soviet foreign policy.

● Does Moscow no longer hope to undermine Western security relationships in pursuit of a more favourable power balance?

● Will his confidence-building measures, such as the offer to reduce Pacific naval forces, help to make Moscow the dominant superpower in Asia?

At Vladivostok, Mr Gorbachev spoke of a need to make a "radical break" with many customary attitudes to foreign policy and the need to expand ties with even the tiniest South Pacific island States.

Since then, Moscow has moved to establish diplomatic ties with Vanuatu, signed the South Pacific

Nuclear Free Zone Treaty, and sent the smiling Mr Shevardnadze to Canberra, Jakarta and Bangkok.

Moscow has also expressed appreciation for Australia's arms control efforts recently, saying that its voice had been "heard".

Indeed, Mr Hawke himself will visit Moscow in October. The last Australian Prime Minister to visit Moscow, Gough Whitlam in 1974, was not received by then-General Secretary, Mr Brezhnev. But Mr Hawke will meet Mr Gorbachev.

The Minister for Foreign Affairs, Mr Hayden, while expressing concern about growing superpower rivalry, has welcomed greater Soviet participation in the South West Pacific — if its role is "constructive".

The difficulty for Australian policymakers is how to decide what constitutes unacceptable Soviet behaviour, and how Australian criticism of Soviet actions might affect bilateral ties.

Perhaps we could learn from Mrs Thatcher, who pulls no punches but still enjoys a warm, mutually respectful relationship with Mr Gorbachev.

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CSO: 4200/806

COLLUSIONIST EVALUATES HAWKE'S CABINET RESHUFFLE

Sydney THE SYDNEY MORNING HERALD in English 24 Jul 87 p 11

[Commentary by Mike Steketee. "Making the Right Friends"]

[Text]

THE shape of the new Hawke Ministry betrays the curious ambivalence in the Prime Minister's style of leadership: his wish to be tough, and to be seen as such, but his reluctance to offend people.

On the one hand, he took the cleaver to the Public Service, reducing the number of departments from 26 to 17 and shaking up the ministry. It was a bold, pre-emptive strike which could not have succeeded had he not acted with speed and traded on the enhanced authority of his third successive election win.

On the other hand, he decided there should be three more ministers to administer 11 fewer departments, giving us smaller and bigger government all in one package. He justified this by quoting figures on the fall in the proportion of ministers to the size of the Parliament. But that, too, does not square with smaller government.

Moreover, he has given greater responsibility to his senior ministers by putting them at the helm of some omnibus departments. Gareth Evans, Hawke's factional comrade-in-arm, will oversee, as Minister for Transport and Communications, some of the key issues in the third term — deregulation of the aviation industry, shaking up the shipping industry, introducing more competition for Telecom and implementing the sweeping legislative changes in the media industry. He gets a minister to assist him: the former South Australian Attorney-General, Peter Duncan, a left-winger, who is left with the mundane end of the portfolio — land transport and infrastructure support.

Similarly, is there really a need for a separate Minister for Defence

Science and Personnel — a job which has gone to the Right's Ros Kelly? In an incident which does not augur well for the new ministerial arrangements, Mrs Kelly originally was to become the junior Minister to Mick Young, who has Immigration and Local Government. Young made it clear he did not like the idea. He remembered that, when he was in the sinbin over talking about Cabinet's Security Committee deliberations to his mate Eric Walsh, Kelly had put out the word that she would be very interested in his job, which at the time was Special Minister of State. Young has not forgiven her.

But at least the expanded ministry has the virtue of freeing some of the backbench talent which had been locked out by factional deals to preserve the jobs of existing ministers. Despite Hawke's grandiloquent claims in the past about his brilliant ministry and notwithstanding the concessions made this time to gender and geography, the front bench is considerably improved.

The Prime Minister decided at the last minute to enlarge his Cabinet to include a woman — Senator Susan Ryan. But he could not bring himself to take a job away from another member of Cabinet and so Ryan is left as the only Cabinet minister without a department. The only realistic interpretation of this is that Hawke does not regard her as good enough to be super-Minister but, because he has just made a song and dance about increasing the number of women on the front bench, it would look bad if he were to sack one from the Cabinet.

Males have been well looked after in the third Hawke Ministry. The

Prime Minister's position sometimes can be the loneliest place in the world. If there are few real friendships formed in politics, then there are fewer still between a Prime Minister and his ministers. But Bob Hawke needs his mates. Hawke reinstated Mick Young after the report of the Hope Royal Commission, even though it found that his disclosures were improper, unauthorised and related to national security. Young and Hawke these days are so close that people sometimes ask whether Young has joined the Right. He remains, at least formally, with the Centre Left.

John Brown is another of Hawke's mates and he has become a super Minister. There is the same touch of the larrikin as in Mick Young, the same flashiness, the street smart ways that turned him into a millionaire butcher. Brown has more front than an operatic soprano. Listening to him, you could soon be convinced that he had single-handedly brought to our shores the teeming tourists who now contribute to one of Australia's major industries; that he had invented Paul Hogan; and that increased tourism has nothing to do with the fall in the dollar which has made Australia a bargain for overseas visitors. As for these so-called controversies which seem to cross his path — spending \$70,000 on an overseas trip, hiring a few Mercedes in Italy, saying a few words for the Hyperion racing syndicate — well, if people have got nothing better to do than to get upset about that, it just proves they have small minds. Hawke seems to agree: he has just promoted John Brown into the Cabinet.

The reality is that Brown got off very lightly over his "indiscretion". He has yet to explain satisfactorily why it was that he did an endorsement for a commercial organisation.

What can we expect next? Paul Keating telling people to bank with

Westpac? Gareth Evans, the new Transport Minister, endorsing Ansett? Perhaps advertisers could buy discreet little places on Ministers' lapels, as they do with tennis players' sleeves.

The Right, of which Brown is an unmistakable member, has done well out of the ministerial changes. It has once again shown that it has the best head counters and kickers and the brightest strategists.

A few years ago, when the Labor factions used to have public brawls, Hawke declared that he would stop attending right-wing meetings. This meant he reverted to the more traditional political leader's role of standing apart from factional manoeuvrings. But last week he went to the Right's meeting which discussed the faction's representation in the ministry. The Right held off on selecting its own candidates until just before Wednesday's Caucus meeting. It did so deliberately, as a way of exercising maximum influence on the outcome.

With Bob Hawke on its side, it started working out the suitable ministers from the other factions. The Centre Left's numbers man, Senator Peter Cook, managed to get the numbers for himself to knock off Senator Michael Tate, the faction's newest minister. Hawke argued that that would leave Tasmania unrepresented at a time when Labor was fighting back.

Logical as this change was, it also gave the Right the bonus of putting Peter Cook back in his place. The Right has long memories and in the forefront of members' minds was the decision of Cook and other Centre Left organisers at the ALP National Conference last year to combine with the Left to defeat the Right over rule changes.

When it came to the Left, many in the Right did not like the choice of Senator Nick Bolkus. They regard

him as too much the unreconstructed left-winger in a Government where pragmatism is permeating through all the factions. Various other nastier rumours have been spread about him this week, none of which has any basis. Politics is never played harder than when it involves rivalry for positions. The Right had nothing like as good an excuse as that for knocking off Peter Cook. But Bob Hawke discovered the hitherto largely hidden merits of Senator Margaret Reynolds, who had managed to poll only third in the Left ballot won by Bolkus. Those merits were that she was a woman, a Queenslander and, most importantly but left unstated, the best chance to replace Bolkus. The Right argued that Bolkus would have to make way because he was the only left-winger chosen from the Senate. The Left swallowed this.

After they did so, Chris Hurford found himself overwhelmed by the Prime Minister's arguments about the need for new blood in the Ministry and stood down. For the sake of consistency, this meant, of course, that, because Hurford was a member of the Lower House, he would be replaced by someone from the same chamber. That was the argument about Reynolds and Bolkus.

But, lo and behold, it was Senator Robert Ray who was chosen for Hurford's spot. In politics, it helps to have no shame.

It is the smart men of the Right in the Hawke Government — people such as Hawke, Paul Keating, Graham Richardson and Robert Ray — who have outwitted the Liberals and played a large part in Labor staying in office. It is those same figures that have outmanoeuvred the other factions and seen the influence of the Right grow during the life of the Government. In the two weeks since the election, it has done so in leaps and bounds.

COMMUNIST TRADE UNION LEADER DIES AFTER MONGOLIA VISIT

Sydney THE SYDNEY MORNING HERALD in English 27 Jul 87 p 7

[Article by Matthew Moore]

[Text]

Mr Pat Clancy, a leading left-wing figure in the Australian labour movement, died in India on Friday while returning from a peace conference in Mongolia.

Mr Clancy, who was 68, was well-known and highly regarded for his long stint as a prominent trade union leader, and as a life-long activist in the communist movement.

In 38 years of working for the Building Workers' Industrial Union he held positions including NSW and Federal secretary and represented the building industry in the NSW Labor Council, and on the ACTU executive. He was chairman of the union's international department when he died.

His long membership of the Communist Party of Australia ended in 1968, when he would not join the party's criticism of the Soviet Union's invasion of Czechoslovakia.

He maintained his pro-Moscow stance, and became one of the founding members of the Socialist Party of Australia.

His strongly-held views, particularly on the need for trade union solidarity above all else, led to another ideological struggle some years later with the SPA.

Several years ago, the party

removed him from his position as president and he set up a new organisation, the Association for Communist Unity, of which he was national secretary.

Despite blindness and continuing poor health, Mr Clancy remained very active within the labour movement, and was regarded in the Soviet Union as the main link between the Soviet Union and the Australian working class.

The Federal secretary of the BWIU, Mr Tom McDonald, described Mr Clancy as one of the country's most outstanding union leaders, and as one who retained his resilient spirit irrespective of adversities.

"One of his real qualities was that defeats were just temporary setbacks. He never got upset about them and was able to master them better than anyone I have known," Mr McDonald said.

"His contribution to the development of the national and international trade union movement and to the struggles for peace, social progress and socialism has established him as one of Australia's most outstanding trade union and working class leaders."

Mr Clancy leaves a widow and two sons.

ENVIRONMENTAL CONCERNS DISPLAY POWER AT POLLS

Sydney THE BULLETIN in English 4 Aug 87 p 19

[Article by David Barnett: 'Green Power--It's a Decisive Poll Force Now']

[Text]

THE oddest-looking appointment to the new Hawke administration surely has to be that of Senator Graham Richardson to be junior minister for the environment. "Richo", the numbers man, the hard-nosed boss of the NSW Right faction, the kingmaker who pulled the rug from beneath Bill Hayden in 1983 to make Bob Hawke Australian Labor Party leader and Prime Minister, suddenly a lover of trees and flowers and small furry creatures ... Why Richo? Because the environment is an issue which wins elections, that's why. Because it was important in 1975, when Gough Whitlam lost the greenies, vital in 1983 when Malcolm Fraser lost the greenies and because - on the figuring of the two key lobby groups - it was crucial last July 11.

Furthermore, Liberal policy on the environment is politically hopeless. In 1983, the greenies claimed that they delivered seven seats to Hawke. Even if it were only five - which seemed a reasonable assessment at the time - that was still a factor of enormous significance. The Liberals and their National Party allies succeeded only in putting the whole thing out of their minds.

Apart from basing their 1987 policy on a belief that it would be possible to abrogate federal responsibility for the environment, the Liberals also made a series of flamboyant gestures whose effect could only be to alienate the greenies even more. The party announced that a government subsidy of \$100,000 to the Australian Conservation Foundation (ACF) would be withdrawn, that

the Australian National Parks and Wildlife Service would be transferred to state and territory control except in the ACT and that the Department of Arts Heritage and the Environment would be disbanded. They were fortunate that the policy prepared by National Party senator Stan Collard (now no longer a member of parliament), before the coalition broke up and delivered in the hurly-burly of the campaign, received such little attention.

This time around, in the wake of a paper prepared by ACF director Phillip Toyne and Australian Wilderness Society (AWS) director Jonathon West, the Liberals cannot shut their eyes. Toyne and West both have considerable political experience. Toyne was an adviser to the Central Land Council in Alice Springs and West was an adviser to Barry Cohen, who was Environment Minister in the first two Hawke governments. These key figures are managing the environmental vote much more skilfully than was the case.

They had 1500 workers manning polling booths in the 11 marginal seats where they were active, handing out how-to-vote cards directing the environmental vote toward the ALP. These cards were the key to the measure of sophistication which has entered management of the greenie vote. While they placed the Labor candidates on top, the subsequent order of preferences differed from the ALP's how-to-vote cards.

They then arranged for the count to be scrutineered on their behalf in five of these 11 seats. The scrutiny showed that 12.5 percent of the ALP vote there followed the greenie card.

The 11 seats recorded a swing to Labor of 0.89 percent, compared with an overall national swing against it of 1.31, at the time the ACF and the AWS did their sums.

Of all these 11 seats, none was more remarkable than Eden Monaro in the south-western corner of NSW.

Eden Monaro supports a lively woodchipping industry under the aegis of the state Labor government. The greenies backed sitting ALP member Jim Snow to whom there was a swing of 1.42 percent which increased his margin of victory to 3.41.

Toyne and West described the outcome as a classical case of the influence of the conservation movement.

The paradox is that Snow supports continued logging of the South Coast forests and said so after the election.

The Vote for the Forests seats stood out in a thicket of anti-government swings. "In the face of a 1.3 percent swing against it, the Hawke government looks set to gain at least eight seats. This anomalous result is no mystery. It is the direct effect of the Vote for the Forests campaign," Toyne and West declared. Furthermore, the support they organised for the ALP in the House of Representatives flowed in the same proportion to the Democrats in the Senate. "The ALP now has irrefutable proof that it can win votes adopting pro-conservation policies," Toyne and West said.

Richardson, who last year nominated the conservationists as an alienated group which had to be won back, took over as their minister on Friday.

Opposition leader John Howard undertook to take another look at environment policy. □

NEW AIR FORCE JETS GROUNDED, 'CANNIBALIZED'

Sydney THE SYDNEY MORNING HERALD in English 27 Jul 87 p 3

[Article by Patrick Walters]

[Text]

CANBERRA: Up to 25 per cent of the RAAF's first batch of new F/A-18 fighters have been grounded in recent weeks, owing to expectedly high failure rates of some equipment in the \$35 million aircraft.

RAAF sources say that available aircraft have been cannibalised for spares, with up to six aircraft being out of action at different times in the past few months.

Unexpected failures in the F/A-18's sophisticated avionics and inertial navigation systems have meant that some replacement items have had to be taken from aircraft in service, because spares are not yet available.

Twenty-six of the aircraft have been delivered to the RAAF out of a total order of 75, worth \$425 billion. The RAAF is yet to acquire maintenance and testing equipment to properly monitor the servicing of the new fighters.

RAAF sources say that the aircraft are not as serviceable as expected, with some equipment failing well before its predicted lifespan.

Flying hours on the F/A-18s have not had to be restricted, but far more time than expected has gone into maintenance.

Air Marshal John Newham, who retired earlier this month as Chief of the Air Staff, told the *Herald* recently that cutbacks in recent defence budgets had affected the amount of spares purchased for the F/A-18s as they

entered service.

"It has put tremendous pressure on the airmen who have got to service the aircraft, swapping parts from one aircraft to another," he said.

"You might have five aircraft out at any one time. It reduces your flexibility and means that more man-hours have to go into maintenance."

Air Marshal Newham said that manpower and maintenance support were hard-pressed to keep up with the high rate of spending on new capital equipment.

"You really ought to be able to operate what you have got before you take on new equipment. We can't," he said.

Cannibalising of spares is not uncommon in other defence forces, particularly with a new type of aircraft entering service.

In the United States Air Force, similar problems are being experienced with the B-1 bomber.

At Dyess Air Force Base near Abilene, Texas, three new \$200 million B-1 bombers have recently sat idle because parts have been cannibalised for the other 26 B-1 bombers based there.

USAF officers say that the practice is common throughout the bomber, fighter and transport wings of their service.

Australian Defence Department officials are expected to begin looking for markets later this year for the RAAF's 60-odd remaining Mirage fighters, which

are being phased out as the F/A-18s enter service.

Defence sources expect the fighters, which would need refitting, could be sold for between \$1 million and \$2 million each.

The Defence Department will be in charge of finding a market for the aircraft, following the failure of the Department of Administrative Services to find buyers for former RAAF Hercules and Grumman Tracker aircraft, worth about \$30 million.

But the problem will be finding a market for the Mirages, which are nearly 25 years old. A shortage of spares could be a problem for potential buyers.

John Stapleton writes: A light-weight, low-cost aircraft which could revolutionise the aviation industry has won the top award for the best new Australian product at the 1987 Sydney Expo.

The \$25,000 Australian Financial Review / AMEV Finance Limited Award was presented yesterday by the Minister for Industry, Technology and Commerce, Senator Button.

The Perth-based family company Composite Industries Ltd expects the aircraft will go into production next year and retail for about \$25,000.

Judges from the *Financial Review* and AMEV Finance cited the innovative use of new materials, a high standard of industrial design, and export potential in making the award.

PESTICIDE IN BEEF THREATENS EXPORT MARKET

Sydney THE SYDNEY MORNING HERALD in English 20 Jul 87 p 11

[Article by Peter Fray]

[Text]

THE RECENT discoveries of higher-than-acceptable pesticide residues in beef shipments destined for the United States are providing the Australian cattle industry with its biggest challenge for many years — and may yet undermine one of the nation's most promising marketing tools.

Not since the kangaroo meat substitution scandal in 1981 has the industry had to face so much soul-searching — and blood-letting — to protect the vital US export market worth about \$750 million a year. And, even though it will probably succeed, the final costs in dollar and reputation terms are likely to be considerable.

But the pesticide scare, which involves DDT and dieldrin residues in at least 30 separate lots of beef, has an even more long-term implication. It could harm seriously efforts to promote Australia, domestically and overseas, as the home of natural, pure rural products.

The Chernobyl nuclear accident in the Soviet Union has been a fillip for several of the rural exports, most notably wine, dairy products, and some fruits and vegetables. Wine sales have jumped by 122 per cent in the past year, while skimmed milk exports have increased by a more modest, but no less important, 7 per cent, mainly to Asia, the traditional home for the European Community's dairy products.

Australia's fledgling industry in herbs — one of the most contaminated products of the Chernobyl accident — is also making rapid progress in the

wake of inquiries from several European and Asian importers.

The president of the National Farmers' Federation, Mr Ian McLachlan, has pushed continually the idea of "pure-foods Australia" as an effective weapon against the large subsidising nations like the United States and the European Community. And, ironically, the Australian Meat and Livestock Corporation has produced material promoting the "naturalness" of Australian grass-fed beef as opposed to the feedlot beasts produced in the US and Japan on a grain diet.

But such efforts will fail if public perception in the main importing countries in Europe, North America and Asia — where the consumers' emotions can often run riot over hard fact — is turned against Australian products.

The scare, involving two long-considered organochlorine "nasties", may also hurt the domestic consumption of beef — and other red meats, like lamb, veal and even venison. At present, two of the 30 cases of excessive chemical residue have exceeded the domestic pesticide residue level of seven parts per million.

However, the cattle industry and the Federal Government has, understandably, concentrated its efforts on meat inspection at export abattoirs, which push through around \$2.1 billion worth of red meat a year. But domestic sales — valued at about \$2.5 billion a year — would suffer if the community started to question the purity of Australian meat. Such an occurrence would destroy many years — and

several hundred thousands dollars worth — of work by the AMLC and producers to counter a view of beef as a fatty, difficult-to-use product.

In many ways, the cattle industry is now carrying the can for the misuse of agricultural chemicals by a small number of farmers. In private, industry leaders believe the pesticide residue problem is potentially a lot greater in other rural products, like lamb, fruit and fodder crops. They say the problem has only been exposed in beef by the stringent testing procedures carried out in export abattoirs, and largely imposed following pressure from importing countries like Japan and the U.S.

They also contend the incidence of chemical contamination in Australia is very small compared with the volume of exports and the situation in North American and European countries, which have a much longer history of organochlorine residue problems.

But the fact remains that, like it or not, the industry is facing its greatest problem in five years and will have to eradicate it or face the consequences.

Aside from the perceived problems of the purity of Australian beef in the United States, the residue issue could well be used to counter the Federal Government's efforts to gain increased access to the Japanese market, valued at about \$360 million a year. Negotiations are due to begin later this year and, in the face of intense United States pressure, Japan could use the issue as a non-tariff trade barrier against the Australian case.

On the domestic political front, the issue is proving to be a testing time for the cattle industry's farm leaders,

especially the Cattle Council of Australia. The council, which is made up of producer representatives from all States, is likely to split over the funding of single-lot testing of export beef shipments, which would cost the industry between \$20 million and \$30 million a year. At present, one in 100 lots are tested for chemical residues, but the council's executive believes single-lot testing — in which every export lot would be tested — is the only way to clean up exports once and for all. However, the industry, including exporters, sellers, processors and the various State producer organisations, has yet to decide on who pays for the testing and how the money should be raised. The council's executive fear that if a joint Federal Government/producer funded testing program is not introduced, the residue issue may return to haunt the industry at some later stage.

No matter what plan of action the industry and Government eventually decide to follow, organochlorines, like DDT and dieldrin, have a half life of up to 20 years, though in soil and water this can be reduced to between three and five years.

The only group that stands to gain from an image problem with Australian rural exports is the growing number of "true-blue" organic producers, who reject chemicals in favour of natural control methods or nothing at all. Several growers have reported an increase in the past year in internal and overseas demand for organic products and inquiries from farmers for advice on organic production and marketing. Unfortunately for the nation's cattle producers, "organic beef" is a virtual impossibility.

19274

CSO 4200/806

RABUKA READY FOR ARMED STRUGGLE

Sydney THE BULLETIN in English 4 Aug 87 pp 22-23

[Article by Bruce Stannard]

[Text]

FAILURE to reach a consensus-based solution to Fiji's political and constitutional crisis may force the island nation into a period of "revolutionary armed struggle" as an essential precursor to the formation of a republic. That prediction comes from no less an authority on armed intervention than Colonel Sitiveni Rabuka, the Fijian military leader whose troops overthrew the democratically elected Bavadra government in Suva on May 14.

In an exclusive interview with *The Bulletin*, Rabuka said he expected there would be what he called a "democratic" solution to the impasse. However, he said, if that process failed, Fijians would be forced to retreat to a position of last resort in the founding of a republic. Given that almost half the island nation's population were Indians who could be expected to oppose the move which would forever block their political ascendancy, a period of armed struggle would be inevitable.

"I'm sure there are people naive enough to think we can simply declare ourselves a republic and that we will all then live happily ever after," he said. "But it would not happen like that. If we can't achieve agreement through democratic means, we would have to struggle for the Fiji we want. I'm talking about armed struggle. We may well have to go through a period of revolution in this country."

Rabuka revealed that the army had already increased its numbers, called up reservists and instituted special training programs as a precautionary

measure aimed at countering widescale communal violence. That in turn has meant re-arming. "We have had to be realistic about it," Rabuka said. "We can't call men up and expect them to function properly as modern soldiers with World War II weapons. We have gone ahead and ordered basic military equipment, infantry weapons — mostly small arms — from our traditional suppliers in Singapore and Korea although we are also looking for cheaper sources."

"We will buy whatever we require to maintain stability here in Fiji. I'm not talking about fighting off an invasion. I'm talking about developing the power to be able to maintain security here in Fiji against any internal threat."

"What we are also concerned with is preventing the illegal import of arms, illegal weapons distribution and illegal training that might be aimed at disrupting what we have as our objectives. Military history shows that many commanders have lost initial battles because they have not taken the necessary precautions. They have seen the signs of things going on and they have said, 'Oh, it won't happen'. Then, bang, the balloon goes up."

Rabuka said Fiji Army intelligence had reports on the involvement of "several Europeans" in guerilla survival training and tactics at Nausori near Suva. "These people are not mercenaries," he said, "but they are trying to work the Indians up into a revolutionary army. Our intelligence people have seen a set of orders for the demolition of a bridge 15 miles (24km) outside

Suva. We have recovered spent cartridges. We know who these people are but so far we don't have sufficient evidence to charge them."

Rabuka said that "for the moment" the Fijian-dominated army had the weight of military power on its side. But, he said, he did not underestimate the Indian ability to acquire arms as well. "If we disregard the intelligence pointers that come to us at this stage, that will simply encourage the Indians to stage something bigger," he said. "Believe me, if the Indians ever get arms into this country, there would be a lot of cleaning up to do here."

Despite the colonel's warnings about armed struggle and the threats of republicanism, the Fijian crisis is most likely to end in peaceful compromise. Rabuka, firmly ensconced as a Fijian folk-hero and therefore a man with tremendous influence, has let it be known that he fully endorses a plan agreed to by the Great Council of Chiefs last week in which former Alliance Party Prime Minister Ratu Sir Kamisese Mara proposed enlarging the House of Representatives to include 10 additional Fijian members.

Mara's plan would allow the chiefs' nominees in the Senate to participate in the business of the lower house. The chiefs want dual membership for their eight members in the Senate and two others to be nominated by them in an amended constitution. Mara suggested that all 22 Fijians, 22 Indians and eight General Electors in the house of representatives be elected from communal constituencies. This would mean an end to national constituencies which would mean an end to cross-voting.

The proposal — seconded by the re-

vered Vunivalu of Bau, former governor-general Sir George Cakobau — means that the House of Representatives would have 62 members and the Senate 24. The Senate now has 22 members and the House of Representatives 52. In the newly constituted Senate would be 10 nominees of the Great Council of Chiefs, seven nominees from the Prime Minister, six from the Opposition leader and one from the Rotuma Council.

Rabuka is convinced that the significance of ancient Fijian traditions such as this would have been severely eroded if not lost altogether by the election of the Bavadra government. "I acted to preserve the identity of my people," he said, "and, if you say that is racist, then — okay — I am a racist, I am committed to the survival of the Fijian race. I will not deny that the coup was racially inspired. It was. But not to the extent where we fought to cut off the other races, disenfranchise them, repatriate them. It wasn't that at all."

"I am not one of those extremists who insist on an all-Fijian house. I want to see a slight political edge in favor of the Fijians, that's all. That will make the Fijians happy and it should also make the Indians happy."

"But at the same time I certainly want to see Fijian land rights and the kind of things that were supposed to be enshrined in the old constitution, guarded very strongly against interference from any other race. These things must be written into the constitution. When the Fijian feels secure, everybody else will feel secure. But if he feels threatened again, take my word for it, that is when trouble will erupt again. The violence, the demonstrations could start all over again." □

/9274

CSO: 4200/802

INDIANS DIVIDED ON CONSTITUTIONAL CLANGS

Port Moresby PAPUA NEW GUINEA POST COURIER in English 7 Aug 67 p 6

[Text]

SUVA A division in Indian opposition to changes in Fiji's constitution surfaced yesterday with the disclosure that the nation's Muslims were supporting the Fijian great council of chiefs.

The support came in the Fiji Muslim League's submission to the constitutional review committee, excerpts from which were published in the Fiji Sun newspaper.

Like the great council, the Muslim League said it would like Fijian representation in parliament to increase, and added that it would favor declaring the country a republic.

In its submission to the review committee released last week, the great council proposed that four of the 22 Indian seats in a new 71-seat parliament be reserved for Muslims.

/9274

CSO 4200/302

FIJI

BRIEFS

CHINESE SIGN CONTRACT--The Government of Fiji has signed a contract with China which will provide electric power to two rural areas of the island group. The work will begin in the end of the year and will provide electric power to 700 homes. A team of Chinese engineers visited Suva last month to assist in setting up this project. Beijing will provide more than half the financing for this project which will cost about \$1,250,000. [Text]
[Noumea LES NOUVELLES CALEDONIENNES in French 31 Jul 87 p 43] /9604

CSO: 4219/25

NATIONAL FRONT DEMANDS PROSECUTION OF INDEPENDENCE ELEMENTS

Paris LE MONDE in French 2-3 Aug 87 p 6

[Text] Barely a few weeks after its appearance on the Polynesian political chessboard the Tahitian section of the National Front has emerged from the background. Its spokesman, Mr Gervais advised one of Papeete's daily newspapers that it would be uncompromising in its stand against independence elements. He said "We are in full agreement to take such action so that those, whoever they may be, who seek to make this state independent are brought to justice and severely punished." Mr Gervais was a coworker of Gaston Flosse, the Secretary of State in charge of South Pacific Affairs when that individual was Vice President of the Government of French Polynesia.

The appearance of the National Front in Polynesia, where it won 2,155 votes (4.08 percent) for the ticket of Jean-Marie Le Pen in the 1984 European elections, comes at a time when various political groupings are openly leaning toward some self determination for Polynesia.

With or without France future Polynesian independence is, more or less, a component in all nationalist movements. First we have the modest "Emancipation" supported by Jean Juventin, former independent deputy, current mayor of Papeete and branch chief of the Here Ai'a [Love of Fatherland] who was in the forefront of the struggle of Metua [the father] Pouvanaa at Oopa who, in 1958, dared to say "no" to de Gaulle. Then we have the Ea No Maohi [The Path for the Great Maohi Nation] which, until recently, was guided by Daniel Millaud, Centerist Senator. Its position on independence somewhat resembled the strategy of the Ai'a Api led by Emile Vernaudeau for cooperation of an independent Polynesia with France. In addition we must not forget the most extreme independence parties the Ia Mama of Jacky Drollet and the Tavini of Oscar Temaru.

It remains to be seen if the Polynesian National Front will be the exception to the rule that no national party led by a papaa (Caucasian foreigner) has ever truly succeeded in establishing itself on Tahitian soil.

/9604

CSO: 4219/24

TRADE MINISTER TALKS WITH SINGAPORE'S BG LEE

Jakarta ANTARA NEWS BULLETIN in English 20 Jul 87 pp A7, A8

[Text] Jakarta, 20 Jul (ANTARA)--Trade Minister Rachmat Saleh held talks with visiting Singapore Trade and Industry Brig Gen Lee Shien Loong at his office here Monday, discussing efforts to boost bilateral cooperation for mutual benefit.

To overcome trade deficit a country needs not to limit its import from another country, Rachmat Saleh told the press after the meeting.

The best way to overcome trade deficit, according to the minister, is to discuss it with the partner country concerned with the aim to achieve mutual growth and benefit.

The problem was touched upon during the talks with Lee, he said, explaining however that special problems concerning Indonesian-Singapore economic and trade relations had not yet been dealt with at the meeting.

Indonesia, according to Rachmat Saleh, hopes for more capital investment from Singapore, which is more advanced in the industrial sector.

The matter, he said, would be further discussed during Lee's five-day visit to Indonesia, beginning Monday.

In Favour of Indonesia

In its trade with Singapore, Indonesia has always enjoyed trade surpluses.

In 1966, the value of its exports to Singapore stood at over 1.24 billion U.S. dollars, while its imports only totalled more than 968.8 million U.S. dollars.

The only deficit it suffered was 1983 when its imports amounted to over 3.5 billion U.S. dollars, while its exports reached only about 3.2 billion U.S. dollars.

The value of the Indonesian exports to Singapore lately decreased, particularly after the Indonesian crude oil is no longer processed in the neighbouring country.

The Singaporean trade and industry minister and his 13 member-delegation are scheduled to visit stay in Indonesia until July 25. [as published]

During their stay here, they will visit Aceh, Medan (North Sumatra) and Bandung (West Java).

They are also scheduled to pay a courtesy call on President Soeharto and hold talks with several high ranking officials, including Armed Forces Commander in Chief L. B. Hoerdani, Chairman of the Investment Coordinating Board (BKPM) Ginandjar Kartasasmita and Chief of Staff of the Indonesian Army, General Try Sutrisno.

/9274

CSO 4200/789

CEMENT, FERTILIZER PRODUCTION INCREASES

Jakarta ANTARA NEWS BULLETIN in English 25 Jul 87 pp A6, A7

[Text] Jakarta, 25 Jul (ANTARA)--Indonesia's cement production in 1986 increased by 34 percent compared with those over the previous four years.

With the increase, Indonesia is now able to export its cement surplus.

Records at the ministry of industry showed here Saturday that in 1986, Indonesia produced more than 10.9 million tons of cement, 1.4 million tons above the domestic demand of 9.5 million tons. In 1983 [year as published], Indonesia's cement production stood at 8.1 million tons against its domestic demand of 8.3 million tons.

The expansion of cement factories is not limited but it is adjusted to the factories' main market at home.

Fertilizers

During the same period, the country's Urea, TSP and ZA fertilizers output also increased and met its domestic demand.

In 1983, the production of Urea, TSP and ZA fertilizers respectively totalled 2,255,000, 797,000 and 208,000 tons.

Indonesia's demand for these fertilizers stood at 2 381.000, 835,000 US 334,000 tons respectively.

In 1984, the production of Urea, TSP and ZA fertilizers rose to 2,910,000, 1,022,000 and 304,000 tons respectively. Whereas the domestic demand stood at 2.610,000, 959,000 and 408,000 tons.

The Urea, TSP and ZA production in 1985 was recorded at 3,599,000, 1,018,000 and 476,000 tons against the demand for 2,607,000 tons of Urea, 1,048,000 tons TSP and 475,000 tons of ZA fertilizers.

The demand for TSP fertilizers was 1,179,000 tons, bigger than the production of 1,117,000 tons in 1986. In the same year, urea and ZA production could already meet the domestic demand. The production was respectively 4,020,000 and 532,000 tons against the domestic demand of 2,751,000 and 476,000 tons.

/9274

CSO. 4200/739

OIL PRODUCTION-SHARING CONTRACTS SIGNED

Jakarta ANTARA NEWS BULLETIN in English 30 Jul 87 pp A8, A9

[Text] Jakarta, 30 Jul (ANTARA)--The state-owned oil company Pertamina has up to July this year signed 119 production-sharing contracts with foreign contractor companies, records at the Ministry of Mining and Energy showed Wednesday.

Of the 119 companies, 50 contractors cancelled their contracts and 22 have been successfully producing oil and gas.

In January-July this year, Pertamina signed contracts with four contractor companies, namely Occidental Berau of Indonesia operating in Kepala Burung, Irian Jaya, Enim Oil Coy Ltd in Lematang South Sumatra, Conoco Warim Ltd in Warim, Irian Jaya and Asem-Asem Shell BV in South Kalimantan.

During their operation in 1986, the foreign contractors spent U.S.\$2,620 million consisting of U.S.\$966.3 million for exploration and expansion costs, U.S.\$1,359.3 million for production costs and U.S.\$295.3 million for general administration funds.

For the current fiscal year, they are estimated to spend U.S.\$2,627.1 million, U.S.\$923.6 million of which would be used for exploration and expansion costs, U.S.\$1,435.2 million for production expenses and U.S.\$268.3 million for general costs.

Oil operation costs reached their peak at U.S.\$3,520.5 million in 1982. As the result of the fall in oil prices, operation costs in 1983 dropped to U.S.\$3,234 million, U.S.\$2,839.9 million in 1984 and U.S.\$2,813.7 million in 1985.

/9274

CSO: 4200/789

NONOIL, LNG EXPORTS DROP

Jakarta ANTARA NEWS BULLETIN in English 29 Jul 87 pp A8, A9

[Text] Jakarta, 29 Jul (ANTARA)--The value of Indonesia's non-oil/gas exports in the first quarter of 1987 recorded a decline of 2.8 percent compared with that in the corresponding period of 1986, according to data obtained from Bank Indonesia.

Indonesia's non-oil/gas exports are worth 1,689 million in the first quarter of 1986, while in the same period of 1987 they stood at U.S.\$1,641 million, a decline of about U.S.\$48 million or about 2.8 percent.

Among Indonesia's non-oil/gas commodities supplied to the export market during the first quarter of 1987, the timber group, including plywood and sawn timber, took a prominent place with a value of U.S.\$376.48 million, followed by rubber with a value of U.S.\$179.60 million; textiled/garments with a value of U.S.\$127.64 million.

Coffee recorded a value of U.S.\$110.17 million, fresh shrimps U.S.\$81.18 million, handicraft products U.S.\$30.47 million, palm-oil U.S.\$10.39, tea U.S.\$23.51 million, while the other commodities recorded a total value below U.S.\$20 million.

Indonesian non-oil/gas commodities were for the greater part exported to Japan, the U.S., the countries of European Economic Community, Singapore, Hongkong, the People's Republic of China (PRC), the Middle East and the East European Socialist countries, such as the Soviet Union, Poland, East Germany, Hungary, Bulgaria and Czechoslovakia.

LNG Exports

The supply of liquefied natural gas (LNG) from Indonesia to buyers abroad during the first quarter of 1987 showed a decline of about 38 percent in value compared with that in the corresponding period of 1986.

The export value of Indonesian LNG in the first quarter of 1986 stood at U.S.\$1,034 million, while in the same period of 1987 it stood at 642.5 million, a decline of U.S.\$391.5 million or 38 percent.

In the first quarter of 1987, U.S.\$278.9 million worth of LNG was shipped from the Eadak field and U.S.\$263.6 million worth of LNG from the Arun field.

Indonesian LNG is for the greater part exported to Japan and South Korea.

BRIEFS

PROJECTED SUGAR PRODUCTION--Jakarta, 22 Jul (ANTARA)--Indonesia could achieve its sugar production target of 2,462,103 tons next year (1988) by expanding its sugarcane plantations outside Java island besides increasing the productivity of the people's sugarcane plantation intensification program (TRI). Secretary of the Mass Guidance Agency of the Ministry of Agriculture Duding Abdul Adjid told reporters here Tuesday his side will continue to apply new technology to increase sugarcane productivity. To achieve the goal and to ensure their quality, the Sugarcane Plantation Research Centre (P3GI) would attach labels to define good seedlings. Besides that campaigns against pests and plantation disease will also be intensified. The effort to increase sugar production is also intended to increase farmers' current income by 20 percent. [Text] [Jakarta ANTARA NEWS BULLETIN in English 22 Jul 87 p A2] /9274

SINGAPORE AIR FORCE CHIEF VISIT--Jakarta, 23 Jul (ANTARA)--Indonesian Air Force Chief of Staff Air Chief Marshal Oetomo received on a courtesy call for the Deputy Chief of Staff of the Singaporean Air Force, Colonel Gary Joo, Wednesday. The two Air Force leaders discussed about efforts to enhance co-operation between the two countries in general and the two Air Forces in particular. At the meeting were also present on the Indonesian side the director of Security of the Indonesian Air Force, Marsekal Utama (Air Commodore) Sumakno Iswadi, and on the Singaporean side the Defence Attache of Singapore in Jakarta. [Text] [Jakarta ANTARA NEWS BULLETIN in English 23 Jul 87 p A2] /9274

OIL EXPLORATIONS CONTINUE--Banda Aceh, 25 Jul (ANTARA)--Indonesia will continue its oil exploration and drillings, despite uncertainties in oil prices on the world market, President Director of the State-owned oil company Pertamina, Abaul Raiman Ramly said here Saturday. He said oil exploration and new well drillings in Indonesia were carried out by foreign investors under production sharing contracts. But Indonesia would not bear the risks of any oil exploration as the contracts were made only after the foreign investors successfully discovered an oil field. Ramly was speaking in a meeting here Saturday with leaders of local residents and government officials. He said the Organization of Petroleum Exporting Countries (OPEC) did not limit oil exploration and drillings, but oil production to 15.6 million barrels per day. Currently, there are four foreign oil contractor companies operating in oil explorations in Indonesia. Last year, of the four foreign oil companies, only three actively undertook oil explorations. [Text] [Jakarta ANTARA NEWS BULLETIN in English 25 Jul 87 pp A4, A5] /9274

NATIONAL UNITY 'STILL FAR FROM REALITY'

Penang THE SUNDAY STAR in English 12 Jul 87 p 3

[Text]

MALAYSIA still is very far behind in promoting national unity after 30 years of independence, said Gopeng MP Dr Ting Chew Peh.

He said racial polarisation was found not only in the political field but has also extended to the centres of higher learning.

"If this unhealthy trend is allowed to continue unchecked, it might explode in our faces one day," he said when moving a motion of thanks to the presidential address.

He then urged the Government to take positive steps to find out the sources of racial polarisation.

Dr Ting pointed out that there was no short-cut to national unity.

"Besides a fair and just implementation of policy by the Government, it is also important that all racial groups should accept and respect one another's differences," he said.

"The stress should be on the spirit of consultation and co-operation," he added.

Dr Ting also warned politicians to be careful when making speeches, adding that they should not tread on the sensitivities of other races.

"Political leaders should not think only of personal interests at the expense of the country's future," he said.

On poverty, Dr Ting said eradicating poverty and the restructuring of society in the country should be given equal emphasis.

He said the Government

should not overlook poverty in the Chinese new villages, which is still a very serious problem.

"The Government should come up with concrete plans to improve their standard of living," he said.

In seconding the motion, Kelantan Exco member Lim Jit Keng said that national problems should not be solved in isolation.

He said it was better that problems concerning any single race in the country be solved by the Barisan Nasional rather than by its own political party.

As an example, he said the MCA would not be able to solve the co-operatives problems without the co-operation of Umno and other component parties in the Barisan.

On the MCA, he said the present leadership worked as a team and not for personal glory.

In the debate which followed, Malacca Senator Ng Peng Hay urged the central committee to take disciplinary action against members who criticised the leadership during the run-up to the election.

He said these members had flouted the party rule that no MCA members should talk to the Press about the party elections.

He also said that the party should not hesitate to take legal action against anyone who violated the country's Constitution on the freedom of religion such as forcing non-Muslims to wear tudong.

SABAH MUSLIM LEADERS WANT UMNO EXPANSION TO SABAH

Kuala Lumpur NEW STRAITS TIMES in English 15 Jul 87 p 3

[Text]

KOTA KINABALU, Tues. — Several Muslim leaders in Sabah have cabled Prime Minister and Umno president Datuk Seri Dr Mahathir Mohamad urging Umno to continue its programme to expand to Sabah as soon as possible.

The cables, copies of which were made available to the Press, were sent last week and this week.

In the cables, the Muslim leaders asked Umno to expand to Sabah in the interest of the State's Muslim Bumiputeras.

Among those who cabled the Prime Minister were former Sabah Chief Minister Datuk Harris Salleh, former Usno vice-president Datuk Yahya Lampong, and former Berjaya leader Datuk Haji Mohamad Dun Banir.

Datuk Harris yesterday sent cables to Dr Mahathir, Deputy Prime Minister and Umno deputy president Ghafar Baba, and Education Minister and Umno vice-president Anwar Ibrahim.

Problems

In his cable, Datuk Harris said: "Umno should not change the decision of the par-

ty supreme council which had agreed that it expand to Sabah.

"The decision (to expand) is in line with the formation of Malaysia which does not divide the country into three areas — Sabah, Sarawak and Peninsular Malaysia."

Datuk Harris said in his cable that Umno's expansion to Sabah or Sarawak would not only safeguard the interests of Muslims but ensure a just administration for all communities.

It would also attain the objective of integrating the various races and strengthening the position of the nation.

In the cable, the former Berjaya president also said after 24 years of Sabah's independence through Malaysia, Umno leaders or those in Peninsular Malaysia could no longer allow problems in Sabah or Sarawak to be resolved by the people in the two States on their own.

"The position of the people in the two territories should be considered the same as that of other States in the Peninsular," Datuk Harris said in his cable.

"I appeal to Umno leaders not to wait until the situation

has become very bad before intervening as it may be too late by then."

Alternative

Datuk Harris also stressed in his cable that he had no intention of leading or aimed to lead Sabah Umno but was only working in the interests of Malaysia and Muslims.

Meanwhile Datuk Yahya, who announced his resignation from Usno early this month, cabled the Umno supreme council on July 6.

He also said in his cable that Umno should continue its programme to expand to Sabah in the interest of Muslims.

Datuk Yahya claimed the situation in the State was daily getting tense due to "actions" of the Parti Bersatu Sabah (PBS) in the political, religious, educational and administrative fields.

He said only Umno could save the situation for Umno was the backbone of the ruling Barisan Nasional.

Datuk Yahya also said that to Sabah Muslims, Umno was the only alternative to Usno, which was at present unlikely to come into power again in the State. — Bernama.

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CSO: 4200/811

NEW ECONOMIC POLICY TERMED POLITICAL ISSUE

Penang THE STAR in English 11 Jul 87 p 13

[Commentary by H. V. Raman]

[Text]

THE debate on the New Economic Policy — its implementation over the past 17 years and its future after 1990 — have taken centre stage in the past few weeks, and rightly so.

With less than three years to go to the deadline, there is an urgent need to start discussions on what the NEP has contributed to Malaysian life and on the policy that should succeed it — or even whether there should be one.

Despite Finance Minister Daim Zainuddin's statement that the NEP "should not be politicised" and that statements on it may not contribute to sustaining economic recovery, there is little doubt that the NEP is a political issue.

It has become the dominant factor of Malaysian life, whether in politics or the socio-economic environment, over the past 17 years and politically, the timing is perfect for the Barisan Nasional to start the ball rolling on a serious debate.

Of the major Barisan partners, Umno and the Gerakan have had their new leadership teams elected for the next three years.

The MCA will hold its elections today and the MIC, having already returned Datuk S. Samy Vellu as party president without a contest, will elect the other lower-ranking leaders at its elections in August.

In East Malaysia, the dominant Parti Bersatu Sabah (PBS) and the Parti Pesaka Bumiputera Bersatu (PBB) have also had their leadership problems sorted out.

For although Umno extended the NEP after 1990, as announced by party president and Prime Minister Datuk Seri Dr Mahathir Mo-

hamad at the Umno general assembly last year, it is clear that such a decision is not acceptable to the other component parties.

They want Umno to abide by Deputy Prime Minister and Umno deputy president Abdul Ghafar Baba's pledge during last year's general election campaign that the decision on the NEP will only be made after due consultation and discussions among all Barisan parties.

The debate, in fact, has already started. Over the past few weeks, for instance, several statements on the NEP have been made including:

● Encik Ghafar's call to change the NEP formula of a 30-40-30 distribution of the economic stake between bumiputras, non-bumiputras and foreigners respectively to a 50-50 formula, 50 per cent for bumiputras and the remaining half for the others.

● Gerakan president Datuk Dr Lim Keng Yik's call last month for a National Consultative Council — consisting of representatives from sectors and all classes — to be set up to draw up a new National Economic Policy with its emphasis on poverty eradication.

● Former Prime Minister Tun Hussein Onn's call for a thorough analysis of the NEP and its implementation, and

● The MCA's indictment of the NEP for erosion of the Chinese economic position and its effect on Malaysian life in general.

● Former Deputy Prime Minister Datuk Musa Hitam's suggestion of a "two-track" discussion — one among various groups and the other among Barisan parties.

The economic climate,

too, lends itself to some sober and rational discussion on the nation's future.

The recession — sparked by a fall in GDP growth rates from the high seven to eight per cent of the 1970s to around one per cent for last year and this year — has brought home the reality that high growth rates are a phenomenon of the past and that long-term planning — rather than ad hoc measures — is required if the country is to overcome the challenges posed by the major changes in the global economy.

In particular, unemployment — expected to hit more than 10 per cent next year — has become a major issue as has the worsening drug situation, which threatens to undermine everything that past and present generations have worked for.

But it is the larger national question of just where the country is heading which demands urgent attention.

The NEP's achievement in its overall objective of strengthening national unity has not matched expectations as acknowledged even by the Government, which has said that racial polarisation continues to exist.

The Gerakan's idea of a National Consultative Council is an attractive one, given the circumstances. It is also apt, seeing as how the NEP was formulated at just such a council in 1970 following the adoption of the Rukunegara.

It would help in producing a consensus, provide an opportunity for genuine compromise and create a climate of goodwill, and more important, purpose.

MCA GENERAL ASSEMBLY ADOPTS RESOLUTIONS TO REVITALIZE ECONOMY

Kuala Lumpur BUSINESS TIMES in English 13 Jul 87 p 2

[Text]

DELEGATES at the 34th MCA Annual General Assembly yesterday unanimously passed a resolution to support all government efforts to revitalise the economy.

The assembly recognised that the country is still fighting economic slowdown and requires concerted efforts to revitalise and improve the present investment climate.

However, the assembly resolved that efforts to revive the economy should include deregulation, liberalisation and withdrawal of rigid administrative controls and a good relationship between the public and private sectors.

Other resolutions adopted included:

ENDORSEMENT of the Government's efforts to reduce public spending, especially on prestigious projects and non-financial public enterprises that have failed.

CALL for more efforts to alleviate rural and urban poverty.

CALL to the Government to intensify its support for new villages by increasing federal and state funds for village developments.

CALL to the Government to

redress the imbalance in the civil and uniformed services to reflect the country's racial composition.

THE assembly also resolved that the leadership of Barisan Nasional upholds the spirit of Article Eight of the Federal Constitution which forbids discrimination against citizens on grounds of religion, race, descent or place of birth.

DELEGATES recognised that the current trend of increasing racial polarisation in Malaysia is unhealthy and "partly due to deviations in policy implementation.

ON education, the assembly resolved that MCA leaders must ensure that any amendments to the National Education Act 1961 and the National Secondary School Curriculum will not jeopardise the interests of the Chinese community.

THE assembly also called on party leaders to reject any move that will undermine the secular basis of the Malaysian state.

IT also urged all Malaysians to work towards developing better understanding and greater respect for one another's religion and culture.

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CSO: 4200/809

PRIVATE SECTOR URGED TO INVEST IN DEFENSE INDUSTRY

Kuala Lumpur NEW STRAITS TIMES in English 14 Jul 87 p 14

[Article by Rusdi Mustapha]

[Text]

THE private sector has been urged to get involved in the defence industry and help the Government be self-reliant in defence equipments.

Deputy Defence Minister Datuk Abang Abu Bakar Mustapha told a group of Bumiputera businessmen in Kuala Lumpur yesterday that Malaysia's defence industry was still at the infant stage.

"We must realise that the Government should not be the only one to carry the burden of the country's defence support. The private sector should also play its part," he said.

Speaking at the opening of a dialogue between the Ministry of Defence (Mindef) and the Malaysian Malay Chambers of Commerce (MMCC), Datuk Abang Abu Bakar said Malaysia should emulate other countries in producing military equipments.

"At the moment Malaysia still depends on foreign suppliers for its military equipments, and it is subject to the policy of the supplier countries," he said.

He told the businessmen that foreign investment and technology with local participation was needed to develop the infrastructure for the development of the industry.

During question time at the

dialogue, a participant requested Mindef to clearly define guidelines on how Bumiputeras could get involved in this sector. Datuk Abang Abu Bakar said the Government encouraged the private sector to supply equipments and services to the Armed Forces either privately or through joint-ventures.

Mindef had identified about nine defence equipments that could be produced locally by the private sector, with perhaps foreign investments.

The items included rechargeable batteries for portable radio sets, batteries for tanks, type A tyres for armoured personnel carriers, uniforms, camouflage nets, parachutes, night vision devices and aircraft safety belts.

Another participant questioned the Government's sincerity in wanting private sector involvement. He claimed that a foreign company was left in limbo after it submitted proposals to Mindef to produce light arms in the country.

Datuk Abang Abu Bakar replied that it was not a question of granting tenders to foreign companies, but whether the companies concerned could transfer technology to locals to produce truly Malaysian made light arms.

PROPOSALS TO AID BUMIPUTRA ENTREPRENEURS

Penang THE STAR in English 14 Jul 87 p 1

[Text]

KUALA LUMPUR, Mon. — Datuk Seri Dr Mahathir Mohamad urged financial institutions today to be more sympathetic to the problems of bumiputra entrepreneurs.

They should help the businessmen where possible, the Prime Minister said.

At the same time, he said, bumiputra businessmen must change their attitudes and not rely too much on the Government.

"They should also tighten up financial discipline," he added.

Dr Mahathir was speaking after a dialogue with bumiputra businessmen at Bank Negara.

The dialogue was a follow-up of Finance Minister Daim Zainuddin's statement that Bank Negara would look into the problems faced by bumiputra businessmen.

At the dialogue, the Malay Chamber of Commerce and Industry proposed that there should be a moratorium of two years on loan repayments.

It also suggested the creation of a special revolving fund to help bumiputra businessmen and companies.

Dr Mahathir said the Government

would look into their proposals, including the programme and procedures to help the businessmen repay their loans owing to the recession.

He said the procedures for the special rehabilitation unit must be established and that there should be more training of credit officers and staff engaged in reviewing the problems of bumiputra businessmen.

The dialogue also discussed the review of the proposed legislation on Chapter 11, the creation of a second board for bumiputra businessmen on the Kuala Lumpur Stock Exchange, and the review of tender procedures to speed up payments for bumiputra businessmen.

Present at the dialogue were Encik Daim, Trade and Industry Minister Datin Paduka Rafidah Aziz, Deputy Finance Minister Senator Mohamed Farid Ariffin and Bank Negara Governor Datuk Jaffar Hussein.

Representatives from various Ministries and government agencies, Mara, Bank Pembangunan, the Credit Guarantee Corporation, Bank Rakyat, the Association of Banks in Malaysia and the Association of Merchant Banks in Malaysia also attended the dialogue.

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CSO 4200/809

NEW GUIDELINES FOR INVESTMENT TAX ALLOWANCE

Kuala Lumpur NEW STRAITS TIMES in English 14 Jul 87 p 14

[Text]

THE Trade and Industry Ministry has released guidelines to ensure the smooth implementation of the Investment Tax Allowance (ITA), provided under the Investment Promotion Act 1986.

A Ministry statement said there had been ambiguities in the level of percentages of tax allowances accorded for each investment project.

The new guidelines have fixed the criteria and quantum for the various sectors which include the following:

- Export-oriented industries involving 50 per cent and above exports but below 80 per cent will qualify for 15 per cent of ITA and those with more than 80 percent exports will get 20 per cent;

- Industries with at least 25 per cent value-added will get

- 30 per cent ITA;

- Industries using at least 50 per cent local raw materials will get 20 per cent;

- Those employing at least 100 full-time Malaysians will get 15 per cent ITA;

- Those industries located in places encouraged under the Investment Promotion Act 1986 will be given 15 per cent;

- Those engaged in primary activities encouraged under the National Agricultural Policy will get a 50 per cent ITA;

- Activities where at least 80 per cent are export-orientated will get 50 per cent ITA;

- Integrated agricultural projects involving manufacturing will a 100 per ITA;

- Hotels will be given ITAs ranging from 25 per cent to 65 per cent depending on their location;

- Hotels with fixed assets of not less than \$50 million excluding land will get 10 per cent ITA;

- Hotels employing not less than 300 Malaysians will get 10 per cent;

- Those connected to international chains will get five per cent ITA;

- Tourists projects will be given allowances ranging from 35 per cent to 75 percent depending on location;

- Tourists projects with assets not less than \$50 million excluding land will get 10 per cent;

- Those employing not less than 300 full-time Malaysian workers will get 10 per cent; and

- Those connected to international chains will get five per cent. — Bernama E3

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CSO: 4200/810

PETRONAS ESTABLISHES PETROLEUM RESEARCH INSTITUTE

Kuala Lumpur NEW STRAITS TIMES in English 14 Jul 87 p 14

[Text]

THE national oil corporation, Petroliaam Nasional Berhad (Petronas) has established a Petroleum Research Institute (PRI) to provide research and development support services for both its upstream and downstream activities.

In an interview with *Nada Petronas*, the monthly in-house publication of Petronas, Datuk Dr Abdullah Sanusi Ahmad, vice-president of its human resource management division, said although the Petronas Laboratory Services Department (PLSD) was set up in 1980, its role has been limited to carrying out analytical support and routine testings.

Since 1986, only 20 to 30 per cent of its activities has been geared to research.

Datuk Dr Abdullah added the current and future activities of Petronas warrant

strong technical and scientific services, adding that petroleum corporations all over the world have their own research and development institutes to support their businesses.

A task force has also been set up to represent the upstream and downstream activities as well as the management capabilities that need to be included in such an institute.

Task force

Datuk Abdullah, who is also the task force chairman, added its roles include determining the upgrading requirement of PLSD, ensuring an establishment of linkages with the academic and research centres as well as the implementation of training programmes to upgrade the research capabilities of the staff.

Although the task force is quite confident of the type of PRI to be set up, it prefers a more detailed analysis on this and will be visiting some of the Asian petroleum research institutes such as the Petroleum Authority of Thailand, Chinese Petroleum Company in Taiwan and the Indian Oil and Natural Gas Commission.

The task force recently visited a number of petroleum research institutes in Europe including British Gas in London, Esso Research Centre in the United Kingdom and the Institut Francais du Petrole in Paris.

He said the task force will make concrete proposals and recommendations in a report to the management towards the end of the year on conclusion of the visits. — Bernama ES.

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PETRONAS ENTERS PETROCHEMICAL INDUSTRY

Kuala Lumpur NEW STRAITS TIMES in English 15 Jul 87 p 14

[Text]

PETRONAS yesterday signed documents for two joint ventures with Finnish and Japanese partners to signal its entry into the multi-million ringgit and technologically-advanced petrochemical industry.

The projects, to be located in Kuantan, are for a US\$200 million integrated petrochemical plant to produce Methyl Tertiary Butyle Ether (MTBE) and propylene, and the other is a US\$130 million plant to produce polypropylene.

MTBE is a fuel additive for gasoline while propylene is the basic raw material for producing polypropylene resins, which is subsequently used in the manufacture of plastic products.

For the MTBE/propylene plant which is expected to come on-stream in 1992, Petronas signed a letter of intent with Neste Oy, the national oil corporation of Finland, and Idemitsu Petrochemical Co Ltd of Japan.

The equity structure in the proposed MTBE/propylene plant is as follows: Petronas 60 per cent, Neste Oy 30 per cent and Idemitsu 10 per cent.

As for the polypropylene plant, Petronas signed a memorandum of understanding with the same parties and the equity structure in the proposed venture is as follows: Petronas 55 per cent, Idemitsu 35 per cent and Neste Oy 10 per cent.

Petronas was represented by its president, Tan Sri Abdullah Salleh, while the signatories for the foreign partners were Mr Jussi Rinta (Neste Oy) and Mr H. Sakurai (Idemitsu).

Tan Sri Abdullah said the two plants will use the country's vast reserves of natural gas, currently estimated at 53 trillion cu ft, as feedstock.

He said in the Malaysian context, natural gas will be the most economic and stable source of feedstock.

Several factors have combined favourably to ease Petronas' entry into an area which has been regarded as high-risk, technologically advanced and capital intensive, he added.

The projects, he added, entailed substantial investments which will contribute to the Malaysian economy through job creation and the establishment of support services and spin-off industries.

Tan Sri Abdullah added that as the gloom enveloping the petrochemical industry is dissipating, Petronas may consider setting more petrochemical plants, including those producing caprolactum and ethylene.

Investments

He said Petronas is still discussing the terms with potential partners from South Korea and Taiwan on the proposed caprolactum and ethylene plants.

Citing the reasons for the choice of Kuantan as the site of the plants, he said studies had shown that it had an edge over other sites and it was also in line with the Government's objective to bring about a more equitable distribution of the country's petroleum development.

He added that the MTBE/propylene plant is most timely since the Malaysian Government has introduced legislation in July 1985 to reduce the lead content in gasoline from 0.8gm per litre to 0.4gm per litre.

This level will be further reduced to 0.15gm per litre in 1990 and MTBE can therefore be used as a substitute for lead in gasoline as an octane booster to maintain the same octane number.

Two-thirds of the MTBE will be used locally and the rest exported to the United States, Europe and Australia.

He said feedstock for the MTBE/propylene plant will come from two sources: Keroh for the butane and propane gas, and Labuan for methanol.

About 240,000 tonnes of butane and 110,000 tonnes of methanol will be used to produce 300,000 tonnes of MTBE annually.

Another 100,000 tonnes of propane will be used annually to produce 80,000 tonnes of propylene.

Propylene, which is a co-product of MTBE, will be the feedstock to produce polypropylene which is used in the

manufacture of woven bags, household items, film, ropes and other industrial products.

Last year Malaysia consumed 40,000 tonnes of polypropylene, all of which had to be imported and demand for the product is expected to rise to 50,000 tonnes in 1990 and 70,000 tonnes in 1995.

Cost savings from the establishment of the plant are expected in the region of \$32 million annually at current prices.

Within the Asean region, the demand for polypropylene is expected to grow at 6.0 per cent annually, creating a deficit of 203,000 tonnes in 1990.

A joint feasibility study by Petronas and Idemild, showed an attractive return on investment based on a production capacity of 80,000 tonnes of polypropylene annually and the investment cost of a polypropylene plant could be further reduced through integration with the proposed MTBE/propylene plant.

Tan Sri Abdullah said the cost of propylene from an integrated plant is US\$35 per tonne cheaper than that of an independent source. — Bernama ES.

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CSO. 4200/811

WEEKLY VIEWS FAVORABLE, NEGATIVE IMPACTS OF LANGE REFORMS

North Richmond THE LAND in English 16 Jul 87 pp 11, 89

[Article by 'Land' Editor Peter Austin: 'Winds of Change Across the Tasman']

[Text]

AUSTRALIAN farmers can expect stiffer competition from their New Zealand counterparts in wool, beef, livestock and goat product markets in the future.

These are the main directions now being taken by NZ farmers in response to the Lange Government's withdrawal of generous price subsidies from the country's lamb and dairy industries.

As well, many farmers are diversifying into more exotic areas such as deer raising and angora rabbit farming, in an attempt to fill any available market niche.

Such measures have been forced on them by a government that has been prepared — even more than Australia's Labor Government — to let the farm sector bear the brunt of its harsh, "dry" economic policy.

Faced with a massive foreign debt equivalent to about 60 per cent of gross domestic product, plus a budget deficit 8.9pc of GDP, the Lange Government on its election in 1984 wasted no time.

It immediately identified the farm sector as one of the biggest drains on the country's economy, thanks mainly to the supplementary minimum price scheme introduced in the late 1970s.

Designed to provide price underwriting support for a range of commodities, the SMP scheme achieved its greatest notoriety in the area of sheepmeats, where annual payouts sometimes exceeded \$NZ1000 million.

While world prices for lamb and mutton crashed, and Australian producers did it tough, NZ farmers enjoyed taxpayer-funded assistance of 100pc and more.

As a result of this distortion, farmers expanded, meat companies proliferated and land prices continued to rise to quite unrealistic heights.

The previous National Party Government of Sir Robert Muldoon had gone so far as to signal while still in office that the SMPs

would have to go, but it took Mr Lange to deliver the death blow.

The problem for farmers was that Mr Lange not only axed the SMPs; he also took his blade to some other sacred cows of the rural sector.

Out went the superphosphate bounty, government-funding for export meat inspection, concessional interest rates from the Rural Bank, domestic grain industry protection, and farm investment allowances.

In 1984 the effective rate of government assistance to NZ agriculture was a staggering 314pc. This year it is minus one per cent. The rout of agriculture is complete.

The impact of just one of these cuts is evidenced by a 50pc drop in superphosphate usage from the 1982-83 level, with the resultant failure of air agriculture firms and many local suppliers.

Not that agriculture has been the only object of the Lange Government's attention: the public service has also been put through the mill, with 12,000 civil servants "corporatised" this year.

And most importantly, the whole economy has been thrown open to market forces, through a deregulation of the exchange rate, prices and wages, dividends and interest rates.

The reforms have had their desired result. Last month the NZ Minister for Finance and main architect of the "dry" economic policy, Roger Douglas, announced the country's first budget surplus since the Korean War, which means New Zealand is now on the road to repaying its huge foreign debt.

The reforms have also gone down sufficiently well with the electorate that the Lange Government is expected to be returned to power at the forthcoming general election on August 15.

But a lot of farmers won't be voting for a Lange return to power. The effect of his

policies on them has been to send interest rates soaring to more than 20pc, while slashing farmland values by an average of 50pc, with disastrous implications for any farmers in debt.

As in Australia, many farmers who considered themselves financially sound three years ago have lost all their equity and face a bleak future indeed.

Hardest hit are the arable farmers on the south island's famed Canterbury Plains, whose high-cost cereal grains are no longer protected against imports of cheap Australian grain.

But not far behind are dairy and sheep-meat producers in the rich Waikato region of the north island.

There, stories abound of young men running their farm during the day and working after hours at another job, while their wives also work off-farm to earn hard cash, all just to service interest commitments.

Failure to do so can result in farmers incurring penalty interest rates of more than 30pc — an impossible burden at present farm return levels.

The extent of the problem can be gauged from the size of the NZ farm debt, estimated to be about \$NZ9 billion (\$A7.7 billion). This is for a farming community of only 50,000 people, including horticulturalists.

Australia, by comparison, has a farm debt estimated to be about 50pc higher, spread among three times as many farmers.

The NZ estimates suggest an average farm equity level in that country of about 70pc. But according to the NZ Federated Farmers (the national farm lobby organisation) the average figure is misleading. The reality is that two-thirds of the farmers are reasonably debt-free while the remaining one-third are in all kinds of trouble.

Farmers generally accept the fact that their long-standing agricultural subsidy schemes had to go, but they say the subsidies should have been phased out over a period to allow for ordered industry restructuring, rather than being virtually pulled out from under them at the same time that interest rates took off.

To make matters worse during this painful adjustment period, they have also had to contend with a series of highly damaging meatworks strikes, and a government seemingly bent on alienating their biggest beef market, the US, through its anti-nuclear stance.

An example of a farmer restructuring in the wake of the subsidy cuts is Michael Williams, who used to turn off 4000 lambs each year from his "Ngaroma" property in the Waikato district.

Last year he sold only 1600 lambs and within another year or two he will be producing only 800 lambs.

"Last year I averaged only \$7 for my lambs, or \$15 total return if you count the wool shorn from them," he said. "I can't afford to produce lambs for that price."

In response to the lamb price drop, Mr Williams has halved his super usage, reducing his stocking capacity from six sheep units/ha to 4.5, and is running his Romney ewes dry to grow wool.

In addition, he will buy dairy calves to fatten for the US bull beef market, although he says this option could soon become unprofitable due to the large number of farmers now doing likewise.

Mr Williams is angry at what he sees as the Labor Government's "vindictive" attitude towards farmer.

Another sheep and beef producer, Guy Haughton, finds it disturbing that while rural areas are really suffering, urban economies are soaring as money pours in to take advantage of high interest rates.

He said while most farmers would survive the shake-out, government policies were having a severe economic and social impact in local towns, where the collapse of many agricultural service firms had fuelled regional unemployment.

Although wool is Mr Haughton's main source of farm income, lambs are still an important contributor. He still has 2000 head to sell, but said that while they could fetch \$19 at present prices, \$11 of that was pelt value, which left a carcase worth no more than it was four or five years ago.

Depressed world markets and the removal of government underwriting have taken a heavy toll of the dairy industry.

North Island farmer, Gary Carter, said his returns this year were expected to fall this year from \$4.08/kg butterfat last year to \$3.55/kg. But 12 months ago it had been feared that returns could be as low as \$2.20/kg.

He said while the return would be higher than earlier thought, this had been possible only as a result of lower production — in his case, 15pc lower, due to drought.

Farmer disquiet erupted last year when 20,000 people marched on Wellington, but since then militancy has been largely confined to demonstrations at mortgage sales.

Federated Farmers has made inflation (currently around 10pc) its number one target, seeing lower inflation as the first thing that must happen to get interest rates down.

In adopting this policy, the organisation has come in for criticism from the more hard-pressed end of the farm sector, who believe Federated Farmers should be adopting a more militant profile.

But the organisation's present direction is defended by Federated Farmers senior vice-president and next in line for president, Brian Chamberlain.

"NZ used to be one of the top performers in the OECD, now our inflation rate is the

worst on the OECD scale. We've got to get our inflation down to a level below that of our trading partners."

To achieve this aim, Federated Farmers has called for reform in four key areas: government spending, domestic and international protection, the labor market and the tax system.

At the same time, Mr Chamberlain sees some good coming from his industry's present crisis.

He says one desirable spin-off from the removal of sheepmeat subsidies has been the dawn of a new spirit of co-operation between producers and the meat industry.

"Some works have already closed down and other closures will follow," he said. "Now that industry economics are not distorted by subsidies, producers and processors are learning how interdependent they are and working to correct years of inefficiency."

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CSO: 4200/793

WAIKATO FARMER DISCUSSES IMPACT OF REFORMS

North Richmond THE LAND in English 16 Jul 87 p 11

[Article: "Twenty Years of Hard Work Down the Drain"]

[Text]

EDWARD DINGER is one of the more fortunate farmers of New Zealand's rich Waikato region.

He was already well established when the Lange Government's economic reforms burst upon the rural sector in 1984 — not like other farmers he can name.

But while he has at least escaped the financial ruination that has befallen some of his less well established peers, Mr Dinger (pictured left) has little to feel smug about.

He has seen the value of his intensive 145ha farm slashed by half in the past five years, due to government policies which, he claims, have discriminated unfairly against farmers.

"Agriculture earns more than 60pc of New Zealand's export income, and yet we've been made to bear the brunt of the government's economic reforms," he said.

"For me, it means 20 years of hard work and farm development down the drain, but at least I've still got equity in my place, unlike some."

Until recently prime lamb raising and a sharefarmed dairy were the mainstays of Mr Dinger's farming enterprise, but removal of the price underwriting subsidies has forced him now into other areas.

He says lambs are not a proposition at last season's price of \$16 a head — "You need at least \$22-\$23" — and dairy returns this season are facing a 25pc drop to unprofitable levels.

He earlier this year sold out his dairy interest, reinvesting some of that money in New Zealand's newest agricultural industry, Angora rabbits.

He has set up a rabbitry on his farm with a base stock of 24 breeders, which he says will have multiplied to 300 by the end of the year.

Angora rabbits properly farmed are projected to return about \$100 a head net from shorn fibre in 12 months.

Mr Dinger has also introduced a herd of 150 Angora goats, to augment dwindling income from his 1200 ewes and 150 head of beef cattle.

But he begrudges investing any more money in an industry that can be treated in such a cavalier fashion by the national government.

He blames politicians of both colors for agriculture's predicament — the Muldoon Government for keeping farmers shielded for too long from market forces, and the Lange Government for not allowing farmers a reasonable time to adjust to such drastic economic changes.

"Not only have we had to suffer major drops in returns; we have also seen interest rates go from 12pc to 25pc in just two years," he says.

"I don't owe much money compared with some farmers, but even with a debt of \$100,000 that's a heck of a lot of extra money to have to make."

Unless the government does something to ease the rural crisis, Mr Dinger sees a danger of New Zealand going the same way as South American countries, with rural areas becoming depopulated as people head for the cities to create a new urban poverty class.

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CSO: 4200/793

WORLD'S 'LARGEST' UNDEVELOPED GOLD DEPOSIT REPORTED

Port Moresby PAPUA NEW GUINEA POST COURIER in English 3 Aug 87 p 1

[Article by Frank Senge]

[Text]

PNG IS sitting on top of "the world's largest undeveloped gold deposit".

That's the word from the consortium exploring Lihir Island off the coast of New Ireland.

The share-leaping news filtering through of continual new finds has now earned the island the description "the South Pacific Eldorado" — the gold mine that people have only dreamt about.

The announcement of new spectacular discoveries of another area of very high grade ore has surprised traditionally cautious stock exchange analysts and developers Niugini Mining (20 per cent) and Kennecott (80 per cent) into making the bold statement that here was "the world's largest undeveloped gold deposit".

The new discovery, the bulk of which is found near the surface at Minife, "has turned the project's economics on its head" and establishes Lihir as "one of the lowest cost operations in the world", according to two independent reports by members of the Sydney Stock Exchange.

Niugini Mining's shares have shot from A\$4.65 to \$14.90.

Niugini Mining released information of the new discoveries in the Minife area in its June quarter report.

It confirmed that a further 12 holes drilled in the Minife area had showed very high grade ore that could join up with, or rival, the previous Lienetz deposit in size.

The new find extends the mineralised area to 700 by 500 metres. It is open on all sides.

A member of the Syd-

ney Stock Exchange, Hattersley Maxwell Noall Ltd confidently predicted in a research report titled *Lihir Island*

— *South Pacific Eldorado* that the island would: CONTAIN in excess of 30 million ounces of gold; COMMENCE production at the end of 1989 or early 1990;

BE producing one million ounces annually within two years of start-up; and

BE one of the lowest cost gold producers in the world with cash operating costs under US\$100 per ounce.

The "truly gigantic gold resource" would be mined for generations, it said.

"Niugini's cash flow from Lihir Island will be the powerhouse behind the company's emergence as a world class mining house in the next decade."

BZW Meares Ltd, a member of the Barclays Group, started its company research report on Lihir with the recommendation: "Buy ahead of further positive review of production/reserve schedule for leading gold explorer with key exposure to the low-cost, 1 million ounce per annum, Lihir Island project."

Talks between the Government and the company to get approval have been given very high priority, according to Gavin Thomas, of Niugini Mining.

After the completion of a US\$16 million feasibility study — expected to be May 1988 — being carried out by Kennecott, the partners would be in a position to develop the mine, he said.

The Minife discovery, found inland from the Lienetz and coastal zones, removes the pressure to mine the high grade ore found at depth.

Although the developers are not mentioning how much the mine is worth, figures ranging between K3 billion and K10 billion are being thrown around by analysts. This is already bigger than PNG's gross domestic product.

FEDERATION OF FREE FARMERS WELCOMES CARP

Davao City THE MINDANAO DAILY MIRROR in English 28 Jul 87 p 4

[Text]

The Federation of Free Farmers welcomed the expressed policy in Proclamation No. 131 and Executive Order No. 229 to expeditiously place all public and private lands under the government's Comprehensive Agrarian Reform Program (CARP).

However, FFF chairman Jeremias U. Montemayor deplored President Aquino's "seeming lack of sufficient political will" in passing on to Congress the determination of "priorities" for CARP implementation and "reasonable retention limits" for landowners, under Section 2 of the E. O.

He warned that the CARP's implementation will be delayed indefinitely until Congress settles these questions.

"Since the President still exercises full legislative powers, she should have resolved all these critical issues instead of relying on a landlord-dominated Congress which could subvert the clear intent of the Proclamation and the E. O.," Montemayor declared.

The peasant leader said that the sugar and coconut bloc would pressure Congress to oppose or give low priority to

land transfer in these crop areas.

Montemayor estimated that, if Congress granted landowners a 24-hectare retention area, it would deny ownership to at least 80% of all peasants. He pointed out that the 7-hectare retention limit under Marcos' Presidential Decree No. 27 prevented 52% of all rice and corn tenants from owning their own lands.

Montemayor added that basing the just compensation on the owner's declaration of his land's current fair market value, as provided for in Section 6 of the E. O., would make the costs of financing the CARP "prohibitive."

He also bewailed the administration's failure to address the problems of reduced farm incomes and productivity these past 16 months. He said these problems were brought about by the drying up of formal credit due to the stopping of direct government lending programs, and low farmgate prices arising from food imports and inadequate support for the National Food Authority's grains procurement operations.

ration.

"Unless these problems are resolved, beneficiaries will be unable to meet their financial obligations and the productivity goals under the CARP," Montemayor warned.

On the "positive features" of the E. O., the FFF head cited the following:

1. Continuation of the land transfer program under PD 27 (Section 27).
2. Peasant representation in the Presidential Agrarian Reform Council (Section 18).
3. Credit support for farmer-beneficiaries (Section 13).
4. CARP coverage/protection of peasants in lands covered by leases, management contracts, mortgages and claims (Section 11).
5. Mandatory production sharing in agricultural lands with gross sales exceeding ₱5 million yearly (Section 16).
6. Safeguards to prevent voluntary land transfer arrangements from emasculating the CARP (Section 8).
7. Voluntary collective or individual ownership in lands with multiple beneficiaries (Section 14).

EDITORIAL URGES ACTION AGAINST ILLEGAL FISHPENS

Quezon City WE FORUM in English 28 Jul 87 p 2

[Editorial: "Old Story"]

[Text]

What they had to say was not surprising, really. By this time, many people have realized that nothing much has really changed since February 1986.

To thousands of small fishermen living off the threatened bounty of Laguna Bay, their job remains fraught with dangers posed by the armed goons of huge corporations and influential politicians operating those big, illegal fishpens. Another danger is that they are unable to fish as they need to because these fishpens clog the bay and make it more difficult for them to carry out their livelihood.

We do remember a much-ballyhooed call by the former government — and later by this new government — to rid the bay of those big, illegal fishpens, no matter who gets hurt.

That was several years back, when a near-revolt was about to erupt in the 90,000-hectare lake, triggered by endless, cold-blooded murders of small fishermen whose only crime was they wanted to earn a living.

When the uproar died down, the dismantling of the fishpens stopped, and the goons reappeared.

This is an old story, of course. The type that doesn't even seem news at all. Back-sliding politicians, forgotten promises, might stifling right, and lately, endless platitudes. Who will take up the challenge of bringing deliverance to the poor fishing folk?

ANTICOMMUNIST ABDUCTION ALLEGED TO BE BAYAN PLANNED

Cebu City SUN STAR DAILY in English 16 Jun 87 pp 4, 17

[Text]

The abduction of two men in Alaska, Mambaling during a raid allegedly by anti-Communist groups at dawn of June 4 was discovered by the military to be an orchestrated scheme of some cause-oriented groups.

Published reports named Mario Pogoy and Romeo Bangkal, said to be members of Alaska Beach Residents Association (Abra) and Bagong Alyansang Makabayan (Bayan) Cebu as those allegedly abducted during a raid by an anti-Communist

group with the support of the military.

An intelligence report disclosed that selected Bayan members who are also residents of that place met in a closed-door meeting with top Bayan leaders in an undisclosed house to plan a purported abduction of Abra members and blame it on the anti-Communist group and the military.

According to the intelligence source, part of the plan was to stage a mass

evacuation after the "abduction" to dramatize their demands for the disbandment of anti-Communist groups.

The same source told Sun*Star Daily, "the mass evacuation of Alaska, Mambaling residents to the Caritas premises was part of the scheme to force the authorities to disband the anti-Communist groups and allow the Communist-led New People's Army (NPA) to continue their forced taxation and other terrorist activities.

Bayan and Kilusang Mayo Uno (KMU) were pointed to as behind the plan to set up the Self-Defense Units (SDU) to disguise the activities of the NPA. ISEIII

/9274

CSO 4200/804

DAVAO COMMANDER ASSURES AMNESTY INTERNATIONAL OF CONTROL

Davao City THE MINDANAO DAILY MIRROR in English 25 Jul 87 pp 1, 9

[Text]

DAVAO CITY — Brig. Gen. Romeo M. Reciña, overall commander of military and police forces in the region, assured Amnesty International yesterday that "strict military guidelines" issued by Armed Forces chief Gen. Fidel Ramos were being enforced to control vigilante groups.

"We're in control," Reciña told Peruvian lawyer Dr. Diego Garcia-Sayan and London-based Ms. Sidney Jones. He added that the military has an arsenal of disciplinary safeguards to keep civilian defense groups within the bounds of the law.

Garcia-Sayan said he is the executive secretary of the Andean Commission of Jurists based in Lima, Peru. Ms. Jones said she was not authorized by the Amnesty International to make any disclosure on her person,

other than being a member of the watchdog organization.

Both hinted they will look into reports of human rights violations. Ms. Jones said of special interest was the alleged murder by Tadtad cultists of Peter Alderete, a warehouse clerk of a large banana plantation, who was hacked to death late in April this year.

Reciña said a manhunt had been set in motion to bring to justice Leonardo Bucu, alias Commander Liwanag on the strength of a warrant of arrest.

The military has filed a homicide case in court.

Reciña told Amnesty International the case was filed right after chief Constabulary investigator Lt. Col. Damming Unga established a prima facie case against the Tadtad leader.

Replying to allegations that the military was master-

mind the proliferation of "vigilante" groups, Reciña said "as much as possible, the military does not actively take part in their organization."

He said the job was left to civilian leaders at the purok and barangay levels. Our role is to make sure civilian organizations do not cross legal borders."

He further cited the support of the Integrated Bar of the Philippine (IBP) which he said was deep in a continuing information drive among village defenders to warn them to criminal liabilities under Philippine laws.

Finally, Reciña explained to Amnesty International that Constitutional provisions stress the right of any individual to defend himself and his community.

"They can conduct 'hot pursuit' operations when attacked by rebel raiders," he said. (PIA/R1-mando)

PAPER BELIES 'DEMOCRATIC SPACE' THEME WITH RIGHTS REPORTS

Quezon City WE FORUM in English 28 Jul 87 pp 1, 15

[Article by Noli C. Alparce: "The Myth of the Democratic Space"]

[Text] As the Aquino government, relying mainly on a popular image and international goodwill, perpetuates the ideal of "democratic space," its organs and instrumentalities have stepped up the campaign against progressives in an apparent campaign to picture them as terrorists and pseudo-underground characters who are fit targets for outright liquidation.

The main agent for such a campaign--the Armed Forces of the Philippines (minus the "new" tag)--has actually been able to strike two birds with one stone: it has tried to refurbish its image by looking "efficient" in catching agents of terrorism from the right and left; and second, it has driven farther out of the main-stream known activists and progressives from cause-oriented groups so as to be able to lump them together with the armed combatants of the New People's Army.

The manifestations of such a true-blue "low intensity" conflict abound:

--purported "break-throughs" in the drive against terrorism and a rash of bombings that have reportedly embarrassed President Aquino;

--an increase in the number of human rights

violations, especially incidences of arrest, torture, disappearances, salvagings, as reflected in records of various human rights groups;

• the mockery of supposed schemes to "lure" rebels into the mainstream, as seen in thousands of civilians being forced to look like surrenderers when in fact they were refugees fleeing the rampage of anti-communist fanatics and vigilantes;

• a stepped-up "red scare" against cause-

oriented groups, the clergy, labor unions, and even liberal-minded politicians, as exemplified in the conflicts in Cagayan Valley, Pampanga and Cebu City.

Taking as an example the cases of four men who were slain in Binondo last July 7, the military made it appear the four were gunned down "before they could rob" a Chinatown bank, but parents and relatives of the four claimed the victims were dead before they were brought to Binondo.

The Capital Regional Command swooped down in

Binangonan last July 8 on 11 people "responsible" for the bombings in the metropolis. Again, the arrested individuals and their relatives insisted they were not terrorists but were "framed up" by the military to answer for the terrorism gripping the city.

Even former political prisoners who were released by Cory Aquino shortly after she assumed power were not spared by a seeming wave of resurgence of Marcos ways and tactics.

A couple tagged by the military as Sparrow Unit members last June turned out to be ex-detainees involved in job placements abroad. And former political prisoners who have re-

joined society after their release have complained of continuous surveillance in their places of work and residence.

The Task Force Detainees has also reported unabated cases of arrests and detention in the country. From January to June this year, a total of 902 such cases were reported.

Torture, the dreaded trademark of Marcos years, is still being employed, with a total of 351 cases documented by the TFD under the Cory administration. At least 57 persons remain unaccounted for or are classified as missing. Salvagings or summary executions have likewise remained, and within the same period as that of

the other violations of human rights, 67 victims were reported.

The TFD reported 16 cases of massacre, most prominent of which were the Mendiola and Lupao incidents.

Efforts to make a showcase out of the national reconciliation development program have apparently forced some local military and civilian officials, aided by vigilantes, to resort to fabrication. In fact, the program which employed pressure on victims of hamletting to pose as returnees had allegedly enriched some military men through the cash assistance being given to the so-called "rebel returnee."

The clergy, a sector long used by the military as a good subject of red scare tactics, also felt the heat. In Bacolod, several priests have been tagged as members of the Communist Party of the Philippines. Even the bishop of the province, Mgr. Antonio Fortich, a favorite target of anti-communists, was again included in the communist bogey.

The emerging trend of throwing blame on the left or progressive organizations for strikes and other economy-related activities has not left the Kilusang Mayo Uno untouched. Last July 7, Gen. Fidel V. Ramos blamed the KMU for the strikes in several firms and accused the militant labor organization of being infiltrated by communists.

But the group bearing most of the brunt of the "People's war" against the so-called left, and right are the surviving militant organi-

zations.

The left-leaning Partido ng Bayan is certainly not the last to count its victims of harassment and repression.

Last June, two of the party's more reliable members and close-in aides of PnB senatorial candidates Jaime Tadeo and Romy Capulong were abducted from their houses in Tindalo, Tondol. Until now, Astrophil Cruz and Aracadio Ramirez are missing.

In Pandacan, two members of the militant youth organization Kaduna were also abducted last month and while the body of Benjamin Garcia has been found, that of Reynaldo, his brother, has not.

The cases are just few of the either documented or reported casualties of Partido ng Bayan. But even now, its leaders remain under military surveillance and threats on the life of both Fidel Agradi, its president, and Alan Jaramin, the secretary general are ever present.

Recently, an attempt on the life of prominent PnB member Bernabe Busayno resulted in the death of two of his companions.

The list is long and gets even longer when one includes victims of hamletting and food blockades in Cagayan Valley and the Cordillera regions. Even now, violations of human rights continue to dominate military operations in the countryside and even simple operations in the urban areas.

In the wake of all these, one is tempted to ask where all the promises have gone and what all those sacrifices have produced.

DAVAO REBEL RETURNEES URGE NPA TO SURRENDER

Davao City THE MINDANAO DAILY MIRROR in English 26 Jul 87 p 3

[Text]

DAVAO CITY — Returnees this region who had availed of the government's amnesty program called on their erstwhile comrades still with the CPP-NPA A to "exchange their gun for the plow and join the genuine struggle towards national liberation."

Lolita Murcia (not her real name) of batch 21 of the Gambalay sa Pakig-ul program in Davao Province made the appeal in the wake of "a planned and deliberate provocations by the CPP-NPA to destabilize the government in subtle support of foreign economic and political interests."

"It was clear from the very start that the CPP-NPA is anti-people by making cannon fodder out of the masses and by serving as a justification for armed superpower intervention in the country," Murcia said.

Murcia once served as secretary of Front 23 of the South-eastern Mindanao Regional Party Committee under Froilan Manreal alias Commander Al operating in Davao Province and Davao Oriental.

Manreal himself was reported to have returned to the folds of the law and supposedly set

tled with his family. Military authorities, however, refused to disclose Manreal's present whereabouts to get his side on allegation by the National Democratic Front that he had rejoined their movement and is now posted abroad as member of their international commission headed by ex-priest and ex-Filipino Luis Jalandoni.

Meanwhile, the AFP's Civil Relations Service says that a total of 8,371 hardcore operatives and mass supporters of the "new anti-people's army" had returned to the folds of the law and in various stages of rehabilitation since the launching of the national reconciliation and development in the region March this year.

11th Civil Relations Group chief Lt. Col. Douglas O. Rosete, however, admitted that scarcity of competent manpower and dearth of resources are still confronting the program.

Rosete urged government agencies concerned to maximize self-reliance and to elicit further participation by the private sector by being more consultative on the problems and issues regarding the program.

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CSO 4200/604

ASIAN STUDIES PAPER ALLEGES CHURCH-CPP LINKS

Cebu City SUN STAR DAILY in English 16 Jun 67 pp 4, 17

[Text]

Are two of the Catholic Church's major national social action secretariats in the Philippines controlled by the Communist Party of the Philippines (CPP)?

A paper prepared by the Asian Studies Center (ASC) said so. It identified the organizations as the National Secretariat for Social Action (Nassa) and the Association of Major Religious Superiors (AMRS).

According to the paper, this information is based on the personal revelation by a former priest who was also formerly with the Central Committee of the CPP hiding under the name Diwa Madlangbayan.

Madlangbayan said these controlled church organizations served as important funding conduits for the CPP. The same paper said an affiliate of these two major organizations is the oft-cited "human rights" group, Task Force Detainees (TFD).

FORGE LINKS

TFD is well known for its diligent job in cataloguing

human rights abuses by the military but refuses to document similar abuses by the NPA.

These organizations, the same paper stated, are controlled through the National Democratic Front (NDF) and enable the NDF to forge links with gullible foreign groups.

Bishop Francisco Claver was quoted in the same paper as saying, "The NDF related church people have captured all links with Catholic overseas groups, communications and funding agencies."

Other groups named in the paper as either controlled or heavily influenced by the CPP through the NDF are: Bayan, Kilusang Mayo Uno (KMU), Partido ng Bayan (PnB), Kilusang Magbubukid sa Pilipinas (KMP), the Movement of Attorneys for Brotherhood, Integrity and Nationalism (Mabini), Gabriela and the Nationalist Alliance for Justice, Freedom and Democracy (NAJED).

LEARN

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CSO: 4200/804

EX-SANDINISTA LECTURES ON COMMUNIST USE OF CHURCH

Cebu City SUN STAR DAILY in English 16 Jun 87 pp 4, 17

[Text]

A former top leader of the Sandinistas will expose to the Filipinos in a symposium here how Communists utilized the church to gain power in Nicaragua.

He was identified as Humberto Belli, a Nicaraguan who is scheduled to make his expose's starting with a press conference at Pete's Kitchen this afternoon.

Belli was a Marxist and a member of the Sandinista Liberacion Nacional (SLN), who was trained as a lawyer

and as a sociologist, before working as an editorial staffer of the independent daily paper, "La Prensa."

In 1984, he published "Nicaragua Christians Under Fire," which formed the base for "Breaking Faith," a book, which relates of events in Nicaragua that are parallel with what is now happening in the Philippines.

Belli arrived last night with Australian pediatrician Dr. John Whitehall, who is currently vice president of the US-based Christian Anti-Communism Crusade (CACC).

The visits of these two internationally-known anti-Communist figures is coordinated by the Cebu-based National Movement for Freedom and Democracy (NMFDD).

A symposium which features Belli and Whitehall is scheduled on Wednesday, June 17, from 2 to 5 pm at the auditorium of the University of San Jose Recoletos (USJR). LSEIII

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CSO: 4200/804

'CULT' JOINS ANTICOMMUNIST CRUSADE, ACCEPTS WOMEN MEMBERS

Cebu City SUN STAR DAILY in English 8 Jun 87 pp 3, 24

[Text]

Another religious cult group yesterday vowed to join the fight against the Communist-led New People's Army (NPA) in the country, Sun*Star Daily gathered yesterday.

The group, in a typewritten letter introduced itself as the "Companeros Umaganon" headed by Marco de Dios alias Kumander Marco said he professes "a strong belief in God."

In his letter, Kumander Marco said, they are supporting the military and police organizations in their fight to crush Communism which they consider as "a creation of the devil."

"We derive inspiration and guidance from Francisco Bantilan known historically as Francisco Dagohoy and who speaks through a medium," he said.

The leader of the "Companeros Umaganon" said, "our group has remained silent for quite a long time,

since it first surfaced this year and decided to come out openly since the communist insurgents have become aggressive and have been harassing and intimidating the peasantry. We will protect the innocent villagers and fight the NPA."

He said the religious group originally started in 1974 when a golden Santicimo was accidentally unearthed by 11-year-old Marcial Lacea at his assigned farm lot in the Bohol Agricultural College (BAC) and he went into a trance.

RETAIN ABE

"That was the beginning of the mission and since then Lacea underwent three death missions and presently on a fourth through bullet wounds. He is now the successor of Dagohoy, who led the longest revolt in the country and derives the same power from the source where the Filipino revolutionary got it," Kumander

Marco related.

The religious cult leader requested their areas of operation in the region be kept secret for the time being but said, "we are also in San Mariano, Davao del Norte and other Cebuano-speaking provinces."

As shown in the pictures he sent, the "Companeros Umaganon" are armed with boloes and firearms and have female members who are also addressed as "companero" because of the equal courage which they displayed in passing the several deadly initiations by means of a sharp and pointed bolo and highpowered firearms.

Like other armed anti-Communist vigilantes, Kumander Marco said in his letter they are opposed to the ouster of Recom 7 chief Brig.Gen. Edgardo M. Abenina from the region and indicated their willingness to fight side by side with him. LSE/III

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CSO. 4200/804

GOVERNMENT ACTIVITY AGAINST 'PROGRESSIVE' CHURCH GROUPS

Quezon City WE FORUM in English 28 Jul 87 pp 16, 14

[Article by Sophie Bodegon]

[Text]

Were it not for the caveats, the Philippines bishops' July 14 exhortation on agrarian reform might have come straight from liberation theology.

It called a "scandal" the excessive economic and social disparity between individuals and peoples and made the agenda of "the landless, the exploited, the disadvantaged, the powerless" the "single most urgent claim on the conscience of the nation."

Even the underground Christians for National Liberation (CNL) looked upon the statement with approval. "It says much for reform," opined Cresencio de la Cruz, CNL spokesperson. The position moves the Church from "the feudal base to capitalism. And that's progress!"

Since its dramatic pronouncement of fraud in the presidential polls 17 months ago, the bishops of the Catholic Church have been issuing statements that seem to indicate a growing consensus

to act on behalf of the majority.

Early this year, when the ceasefire talks between government and the National Democratic Front were stalled, the Catholic Bishops' Conference of the Philippines (CBCP) called for the extension of the truce. Bishop Antonio Fortich, chairman of the National Ceasefire Committee, said that the bishops' appeal was based on a general clamor to extend the ceasefire.

The bishops have also criticized coup plotters and warlords for attempting to sabotage the plebiscite that eventually ratified the country's new constitution.

The most recent pastoral letter may well depict a Church growing with the times. It even expresses this dynamic impulse by quoting a 1963 Vatican II encyclical: "People thirst after an ever more perfect reign of justice."

The Church's own search for this "ever more perfect reign of

justice," has, however, been marked with two discernible paths — one taken by the Church as institution; the other, by the church as movement.

Stability: the Church as Institution

The pursuit of national stability became the main objective of most of the Church's leaders after the Marcos ouster. The Coalition for the Promotion of Church People's Rights maintains that Church participation in the ceasefire talks, active support for the 1986 Constitution, even its call for "effective," and now "comprehensive," land reform were attempts at aiding the achievement of stability.

PCPR said many Church leaders tended to equate general social stability with the stability of the Aquino government.

With the failure of the peace talks, the most influential members of the hierarchy echoed calls by President Aquino for all-out war.

"If the ceasefire fails," Manila prelate Jaime Cardinal Sin said early January, and if the hardcore among the communists will not

surrender, I think I will agree with President Aquino's statement that she will unleash (sic.) the sword of war against them."

For both government and Church, the fight had turned away from that against poverty and injustice, to one against an ideology.

In January, CBCP issued a pastoral letter warning Church people against joining or supporting movements that "espouse violence." Manila's Cardinal Sin elaborated on the order in a 15-page "Catechism on the Involvement of Priests in Political Activities."

Sin's warning struck fear among the progressive members of the clergy. PCPR's Fr. Roger Obja-an said. He adds that it could signal the start of the "persecution of progressive Church groups (with) the blessings of the Church."

The Sword of War

The sword of war was to be used against the Church by the military, and against Church people by the hierarchy itself. Fr. Thomas Marti, an American missionary working with the Association of Major Religious Superiors (AMRSP), discloses that a high-ranking officer attached to a European Embassy in Manila had told him "the Church is

being targetted." Marti says the conversation took place in September, 1986, even before the ceasefire talks.

By December, military authorities in Negros Occidental province were circulating tape-recorded messages from a Fr. Ruperto Palma, a Catholic priest, alleging that 35 of the diocese's priests were members of the Communist Party. Bacolod Bishop Antonio Fortich said the claims were fabricated. His house was bombed soon after.

Brig. Gen. Edgardo Abenina, PC Central Visayas Chief in Cebu, spearheaded a public effort, in January, to remove the Redemptorist congregation from the Visayas. Some 15,000 signatures of military and police officers were attached to a petition to have the congregation removed on the grounds that it allowed the holding of a wake for two slain NPA guerrillas in one of their churches.

In the months to come, other cases of the Church being falsely attacked, in Davao City, Cagayan de Oro, and Panay Island, occurred. While prior to 1986, the attacks were primarily against lay churchworkers, the new wave hit bishops and priests by linking them with the underground.

These attacks may appear isolated and unconnected, Marti says, but there is an international strategy behind all this.

Low Intensity Conflict

"World War III is being carried out here in the Philippines," says Marti, who, as head of the International Solidarity Desk of the Association of Major Religious Superiors of the Philippines, has done extensive research on new strategies adopted by the United States to maintain its power and presence without sustained combat. "It is also being carried out in Nicaragua and Guatemala, through low-intensity conflict."

Signs of low-intensity conflict in the Church setting, according to Marti,

include Manila conferences by Causa International, the political arm of the Unification Church, on the evils of communism, and the growing presence of fundamentalist sects which equate good with capitalism and evil with communism.

"We must refuse to be caught up in the East-West struggle for world domination, but rather focus our attention and efforts on the basic problems of social injustice," Marti says.

The Church's own agency for social justice, the National Secretariat for Social Action-Justice and Peace (NASSA), has ironically been accused by several bishops as infiltrated by the National Democratic Front.

In January, the bishops organized a fact-finding committee to determine whether NASSA had been infiltrated or whether it had a "leftist orientation."

In April, a four-part article appeared in a business daily charging that NASSA had supplied funds and material support to the NDF.

The Committee did not get any hard evidence that NASSA had been infiltrated and even said that "all funds had been properly accounted for, duly safeguarded and judiciously expended."

Nonetheless, at its last meeting mid-July, the bishops agreed to reorganize NASSA. They replaced Bishop Fortich with NASSA critic Bishop Francisco Claver as National Director, and centralized decision-making by clipping the General Assembly's powers as policy-maker. The bishops also eliminated the Board of Trustees by appointing its own Commission on Social Action as Board members.

"The Church is not a democracy," the staff quoted Committee head Bishop Dinualdo Gutierrez as saying.

Renewal: the Church as Movement

Some churchpeople have taken the search for a "more perfect reign of justice" elsewhere

where some working strictly in above ground organizations (including Church institutions), others through the clandestine Christians for National Liberation.

With the assumption to power of the Aquino government, and the personality politics surrounding what CNL's De la Cruz calls "The Goddess of Democracy," many churchworkers gave Aquino a chance.

NASSA's Edith Torres, justice and peace coordinator, recalls how easy it was to meet with the newly appointed ministers of labor and of local governments, both of whom had close ties with NASSA during the Marcos years.

But the work is even more intense now, Torres says. Her office had to start justice and peace promotions work once more simply to prove that human rights violations still exist despite the change in government.

Bishop La Verna Mercado, secretary-general of the National Council of Churches of the Philippines, stresses that regardless of who is president, "it remains the responsibility of the Church to assume a prophetic role: to preach the Good News of salvation and denounce whatever stands against it."

The recent round of prayers, fasting and cultural activities held by the Redemptorists in commemoration of the second year of the disappearance of confrere Rudy Romano illustrates this timelessness.

Focus on Human Rights

Over the last year, there has been a renewed interest in the biblicotheological basis of action for justice. Both NASSA and the NCCP's human rights programs aim at broadening not only the organizational base, but also the philosophical understanding of their work.

NCCP's Levi Bautista says that a campaign for employment should be given as

much attention as one for political rights.

The EDSA Uprising pushed progressives in the Church to probe into the psycho-social dimension of people's movements. The trendiest thinkers in progressive Church circles concentrate on mystification and the use of Christian symbols. Still these discussions are mostly in loose ad hoc circles, the most organized activities still revolving around human rights and other political and economic concerns.

It is precisely this focus on human rights that caused setbacks to the clandestine churchpeople's movement. "We suffered from the same error committed by the NDF," CNL's De la Cruz admits. "We overemphasized the anti-fascist movement against Marcos instead of focusing on the reality of state power."

CNL, organized in 1972 and driven underground by martial law, claims a membership of 4,000 lay and ordained members.

CNL has been accused of "instrumentalizing the Church" for political ends.

"The word 'instrumentalize' is used pejoratively," De la Cruz says. The CNL stresses that "the Church is a sign, a sacrament, an instrument, that must lead you to neighbor and to God."

The progressive Church, he says, "is a Church in its own right, it has kept the faith, has theological foundations, a sacramental life with bishops, priests, and faithful. But it is not schismatic."

Conditions of Struggle

Nevertheless, it must reinvent the stagnant images of God and the Church. "Why should God always be a landlord, the owner of the vineyards? Why can't God be a worker, creating things and helping them grow?"

When the Church calls itself One, Holy, Catholic, Apostolic, can it not also be "catalytic, pro-people, nationalist?" De la Cruz asks.

Under the conditions of struggle, CNL helps organize communities. Once an area is under NDF control, CNL takes a major role in community-building, in helping reconstruct "a new society, a new Church."

Apart from strengthening "the germ of the new society in the base areas," CNL follows the general NDF line of helping build the requisites for a "strategic counter-offensive."

"We are not even asking the Church to divide its wealth among the poor," De la Cruz is convinced that it is realistically better for the Church to move with the "historical poor, the organized people laboring under semi-feudal and semi-colonial conditions." In this sense, the Church joining up with nationalist businessmen would be a step ahead, he said.

CNL concerns used to be "bahay, pera, frente" (house, money and front). Even that has changed. "What makes the CNL unique," De la Cruz says, "is its special contribution to the cultural revolution through the transformation of Christian culture."

With 20 per cent of the country's villages under NDF control, De la Cruz poses a challenge: "Would it not be foolhardy for the institutional Church not to come to terms with this reality?"

VETERANS GROUPS ALLEGE MARCOS EXTORTION

Quezon City WE FORUM in English 28 Jul 87 p 10

[Article by Vic Barranco]

[Text]

Several veteran organizations affiliated with the Philippine Veterans Legion, with headquarters on Arroceros St., Manila, are taking steps to revive their claims in the amount of \$31 million (P620 million) which were allegedly dissipated by former President Marcos and his military cronies.

The veterans, numbering more than 250,000 and their dependents, hope that with the organization of Congress, they can get strong support from the legislators in finding new sources of funds to replace the \$31 million released by the American government in 1966 for the specific purpose of settling finally the claims of Philippine veterans and civilian guerrillas of WWII.

Col. Santos F. Agbayani (Ret), post commander of the Bocaue chapter of the Philippine Veterans Legion, and one of the PVL's liaison officers to other veteran organizations throughout the country, expressed hope that the government of President Cory Aquino will recog-

nize the legitimacy of the claims of more than a quarter of a million veterans and accordingly direct Congress to investigate the corruption, malfeasance and mismanagement of the three banking and investment institutions into which Marcos had channeled the US funds for Filipino veterans.

The three banking and financing institutions, all controlled by Marcos and his military cohorts, according to Col. Agbayani, were the Philippine Veterans Bank, the Philippine Veterans Investment and Development Co., (Philvedic), and the Philippine Military and Veterans Bank, the last being a controversial creation of Marcos, the operations of which were not known by the public.

Voicing the consensus of fellow Post officers in Bulacan - most of them WWII fighters in the Bulacan Military Area (BMA) under one time Secretary of Defense, Alejo Santos, - Col. Agbayani said the veterans will tap the support in Congress of Sen. Raul G. Manglapus, chairman of the Senate national defense committee, and Rep. Cornelio T. Villareal, former Speaker himself

in the old Congress, who is now chairman of the foreign affairs committee of the House. The House has no military affairs committee.

For the purpose of preparing an official position paper of the various recognized veterans organizations and PVL chapters, Col. Agbayani is inviting those concerned to furnish the Bocaue Post Commander and the PVL national headquarters with facts related to the request for claims benefits they are reviving.

Villareal believes the case of the veterans is meritorious. Maybe, he said, the case will prosper, specially when it will be pursued through a joint resolution of the Senate and House. Villareal himself, a veteran, received only P10 check from the PVB in 1968 as dividend from the US fund released to Marcos in 1966. Villareal has not cashed this check. He is keeping it as a souvenir of the sufferings under the Marcos regime which he said were worse than the sufferings under the Japanese occupation.

Agbayani said he will study possible sources of replacement of the \$31 million US fund which President Magsaysay negotiated in 1956 but was finally approved by the US government in 1965. It was Marcos, as president in 1966, who finally got hold of the funds.

PUBLISHER HITS 'DOWNPLAY' OF GAD POLL FRAUD, NEPOTISM REPORT

Quezon City WE FORUM in English 28 Jul 87 p 2

[Commentary by Jose C. Burgos, Jr: "Something Sinister"]

[Text]

There's something strange the way the local media downplayed the documented "Philippine Report" of the Grand Alliance for Democracy.

The "white paper" details instances of electoral irregularities in the May 11 congressional elections. It was, to my mind, a result of a painstaking sleuthing, complete with hard evidence that should have at least merited a more prominent space in the local dailies.

A few column inches and some isolated perfunctory comments were all GAD got.

And then... pffft...
.....

In this issue, WE Forum serializes the Opposition's magnum opus to prove to our readers that every voice matters in this publication.

.....

Malacanang occupants should make up their minds on whether or not to hold the local elections on November 9 or January or any other date. The suspense is killing many aspirants, as it is.

.....

So President Aquino has ruled out any executive order to flesh out the Constitutional provision on political dynasty. She'd rather have Congress handle this ticklish

issue.

But then, there's no more need to define the limits of the provision since many relatives have already made it in both houses of Congress.

However, there's really sense in having an executive order to draw up the specifics on the dynasty ban.

Unless this issue is settled, we'll have to contend with the husband, wife, brother, uncle and cousin, of Mr. Politician, running in the coming local polls.

We'll be back to square one.

.....

Something stinks in the on-going construction-

tion of private toilets for the honorable members of the Senate.

Reports say that the cost of the 24 private toilets is P2 million, or P83,000 per unit.

This needless expense is being shouldered by taxpayers who feel that the amount could have better use for more basic and essential services that benefit the people. Say, additional rooms for dilapidated schools or a health center in a remote barrio.

But then, the honorable members of Congress are a special breed. They have to have their own toilets so they won't

mingle with the sweating, smelly masa.

/9274

CSO 4200/798

DAILY DETAILS CAGAYAN POLL DISPUTE, MILITARY ROLE

Quezon City WE FORUM in English 28 Jul 87 p 11

[Article by Omer Oscar Almenario]

[Text]

For more than a year since their appointment as officers-in-charge in the 10 rebel-infested towns of Cagayan, they have tried their best to "normalize" relations with both the military and the insurgents - a strategy designed in part to bring about lasting peace and economic prosperity in their respective municipalities. Only a few weeks ago, however, they learned there is nothing normal about dealing with the military in the province that has reportedly remained loyal to ousted Defense Chief Juan Ponce Enrile.

Actually, the political conflict that has been raging in the province for several weeks now was only between defeated congressional candidates Manuel Molina, Joshua Pastores and Honesto Adviento, on one hand, and provincial commander Lt. Col. Rodolfo Aguinaldo, on the other. It grew out of a petition for the military official's immediate ouster filed on May 15 before the Com-

mission on Elections (Comelec).

It is a conflict replicated in several other hot spots in the country, as a readjustment in the power equation is taking shape between military and civilian officials, with the former apparently not being able to accept having to turn over political power to the latter. It could also in part be attributed to the ambivalence with which the national leadership has treated insurgency and law and order - while paying tribute to civilian supremacy, it constantly agitates for hard-line approaches that the military would only be too willing to provide.

HOW IT STARTED

The Cagayan mayors' petition asked Comelec Chairman Ramon Felipe to declare a "failure of election" in the first district of Cagayan on the ground of massive fraud and terrorism committed by armed men, including members of the Civilian Home Defense Forces

(CHDF), military personnel and even surrenderees of the New People's Army reportedly under the command of Aguinaldo, in support of the candidacy of Domingo Tuzon who won the congressional seat. This led to the annulment of Tuzon's proclamation by the poll body as congressman-elect.

A copy of the petition was endorsed to Constabulary Chief and Vice Chief of Staff Lt. Gen. Renato de Villa on May 29. For still unknown reasons, however, De Villa failed to implement the relief order sought by Comelec through a minute-resolution. On June 30, reiterating his order for the immediate relief of Aguinaldo pending the petitioners' request for the poll body to declare a "failure of elections", Felipe told De Villa that in the interest of justice and fair play, Aguinaldo has to be temporarily relieved or transferred so that "witnesses can testify freely without fear of being harassed or threatened".

Felipe said Aguinaldo's relief will obviate suspicion that the witnesses are testifying under duress, adding that "if he is innocent of the charges, then he should have nothing to fear but to voluntarily seek his own transfer or relief."

The Comelec chairman, who issued the order after finding prima facie evidence to support the petitioners' allegations, cited sworn statements claiming that a witness against Tuzon and Aguinaldo had been kidnaped and was still missing; another witness became a target of a grenade attack in which two of his household members were injured; and that the house of Buguey OIC Mayor Pacita Andrea, another witness, was peppered with M-16 bullets.

"OPEN WAR"

The political controversy that started as a war of words became a full-blown battle when Aguinaldo declared "open war" with his opponents and allegedly

warned them of possible "liquidation." Aguinaldo's declaration was said to be an offshoot of a joint resolution passed by the OICs on July 8 in the first district of Cagayan.

Copies of the resolution, which also sought Aguinaldo's immediate ouster on the same ground that he was behind the massive fraud, vote-buying, terrorism and other poll violations committed by Tuzon during the congressional elections, were sent to President Aquino, Felipe De Villa and AFP Chief Gen. Fidel Ramos. The copies were circulated only after the OICs fled their respective municipalities July 13 and sought temporary refuge in Manila for several days for fear of their lives.

Those who signed the resolution, which was also endorsed by other political leaders of the province led by Congressman-elect Tito Dupaya and his wife Cagayan Gov. Teresa Dupaya, were Pacita Andres of Buguey; Anastacio Avila, Sta. Teresita; Juan Naval, Gonzaga; Senecio Reco-lirado, Sta. Ana; Antonio Palingayan, Camalanigan; Norman Pereyra, Aparri; Aladino Dupaya, Lallo; Eustaquio Pulmano, Gattaran; Alvaro Antonio, Alcalá; and Dante Ramirez of Baggao.

"I will fight them. And I will fight them well. I will fight them in the highways, in the lowlands and in the Sierra Madre. I will let them float down the Cagayan River into the Babuyan Channel," the OICs quoted Aguinaldo as

saying at the height of the confusion.

OTHER CHARGES

They also claimed that Aguinaldo, a tough and defiant soldier who has been accused of a string of abuses for protecting treasure hunters, illegal logging and gambling that continue to proliferate in the province, has refused to report to the Governor's office despite persistent orders from Dupaya, who has apparently tried to end the controversy once and for all.

Aparri OIC Mayor Pereyra told WE Forum Aguinaldo's men have been ordered to conduct regular body search on persons, including local officials suspected of having connections with the underground movement. He claimed that last July 6, Aguinaldo ordered the station commander in Aparri through a radio message to disarm him and a certain Monching Gorospe, search their respective houses and file criminal charges in court against them. Pereyra said the military officer accused him of illegal possession of unlicensed firearms.

The Cagayan power struggle between civilian political leaders and military authorities is just part of the national upheaval in the relationship between the citizens and men in uniform provoked by the sudden shift of the balance of power in favor of the civilians.

With the return of Congress, civilian authorities are now reasserting

the powers they had lost during the Marcos dictatorship to gain political momentum and in acknowledging the supremacy of the Aquino government over the military.

SIMILAR CASES

The conflict in Cagayan over the responsibility for the peace and order is a replication of the Cebu conflict between Senator John Osmena and Brig. Gen. Edgardo Abenina, Constabulary-National Police commander for Central Visayas. A similar conflict between Pampanga Gov. Bren Guiao and the combative PC commander in Region 3, Brig. Gen. Eugenio Ocampo, over the latter's charges that fraud was committed in the last congressional elections, has been resolved in favor of Gov. Guiao. Gen. Ocampo has been shifted to Region 5 in Bicol.

In all the regions where the political conflict has erupted, the issue has always been raised by the military protagonists that civilian officials were standing in the way of the counterinsurgency campaign. Osmena, Guiao and the OICs have all been accused of coddling communists. The military, on the other hand, has been criticized for its indiscriminate approach to insurgency, often resulting in so many innocent victims.

Now that the soldiers are gradually losing power which they exercised during the Marcos

years, the readjustment of the relationship between the civilian authorities and the military could be hard to come by, especially so if the latter has remained loyal to some politicians close to the deposed dictator.

LOST GLORY

In Cagayan, Aguinaldo reigned supreme during the martial law years after he was put at the helm of the province, along with Enrile's other most loyal and trusted military officers.

At the same time, Enrile was Cagayan's acknowledged political kingpin who controlled the prime political posts from the governor down to the lowly town mayor, a political custom that was just ordinary during the martial law years.

But when President Aquino took power and Enrile was ousted as defense chief in November last year, Cagayan's political atmosphere began to change. One by one, the pillars of Enrile's political base fell. The administration of local politics was turned over to the Dupayas, his political rivals. The mayors closely identified with Enrile were sacked and replaced with either recommendees or supporters of the new administration. To gain a foothold in Cagayan and to consolidate their political forces, the Aquino proteges have cast their eyes on the controversial Aguinaldo who is beholden to Enrile.

And so the bitter political battle rages.

JALANDONI AT CPA CONGRESS

[Editorial Report] Sydney TRIBUNE in English, a weekly paper affiliated with the Communist Party of Australia (CPA), reports in 10 June and 17 June issues on the 29th CPA Congress, which was attended by National Democratic Front of the Philippines international representative Luis Jalandoni.

Listed among others who were mentioned briefly, the papers go on to say that Jalandoni and others addressed the opening. The 17 June paper published a photograph of Jalandoni at a microphone reading from a page of notes.

The TRIBUNE also published "extracts" from international greetings to the congress, including the following from the Communist Party of the Philippines:

"Allow us to extend our deepest appreciation to the leaders and members of your party for the strong, untiring and consistent solidarity with the Filipino people's struggle."

/9317

CSO: 4200/821

CARTOON VIEWS FRC PROTECTION OF POL POT INTERLSTS

Bangkok LAA THAI in Thai 2 Jul 67 p 16

(Cartoon)



INDOCHINESE DEPUTY MINISTERIAL CONFERENCE UNDER WAY

OW141731 Hanoi VNA in English 1525 GMT 14 Aug 87

[Text] Hanoi VNA August 14--A press conference on the result of the freshly concluded conference of deputy foreign ministers of the three Indochinese countries was jointly organized in Phnom Penh yesterday morning.

Speaking to a large number of Kampuchean and foreign journalists, Kampuchean Deputy Foreign Minister Dith Munty brought out the result of the conference. He said the three Indochinese deputy foreign ministers had exchanged views on the development of the situation in the region and the world as a whole and on diplomatic activities relating to the Kampuchean issue and on other issues of common concern.

"The conference also agreed that the present situation is favourable for the three countries to promote their strong posture," Dith Munty said, adding that it resulted from the close solidarity among the three Indochinese countries and between them and the Soviet Union and other socialist countries which, he noted, is "the decisive factor for our victory."

In a reply to a question raised by a TASS correspondent about the situation in Kampuchea and in Southeast Asia and the three Indochinese countries' stance toward the ASEAN countries, Vietnamese Deputy Foreign Minister Tran Quang Co said this conference unanimously held that the settlement of the Kampuchean issue must be done in parallel with the settlement of the question of peace and security in Southeast Asia in the interests of not only the peoples of Kampuchea and two other Indochinese countries but also all peoples in the region.

"Principledly," he said, "the three countries are prepared to embark on dialogue with the ASEAN countries or representatives of these countries. The question of peace and stability in Southeast Asia and the Kampuchean issue must be solved together. Only by so doing will Southeast Asia become a region of durable peace and cooperation."

Tran Quang Co said: "However, there remain forces who do not want to have dialogue and peace between two groups of countries in this region regardless of the growing trend for peace and security in the region and the world as a whole. Those forces will eventually be isolated and are doomed to failure."

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CSO: 4200/807

INDONESIA'S NATIONAL DAY NOTED

Leaders Greet Suharto

OW161827 Hanoi VNA in English 1450 GMT 16 Aug 87

[Text] Hanoi VNA August 16--President of the State Council Vo Chi Cong and chairman of the Council of Ministers Pham Hung today sent a joint message of greetings to President Suharto on the 42nd independence day of the Republic of Indonesia.

The congratulatory message says: "Over the past 42 years, with industrious and creative labour the Indonesian people have gained great achievements in national construction. Those achievements are closely attached to the dynamic leadership of your excellency and the Indonesian Government. The friendly and cooperative relations between our two countries have developed in many fields in the interest of the peoples of our two countries and other peoples in Southeast Asia.

"May the Indonesian people again over bigger achievement in national construction and defence. [as received]

"May the friendship and cooperation between Vietnam and Indonesia further consolidate and develop."

On this occasion, Foreign Minister Nguyen Co Thach has sent greetings to his Indonesian counterpart, Mochtar Kusumaatmadja.

Groups Celebrate

OW151528 Hanoi VNA in English 1458 GMT 15 Aug 87

[Text] Hanoi VNA August 15--A meeting was jointly held here today by the Vietnam Committee for Solidarity and Friendship With Other Peoples (VCSPOP) and the Vietnam AAFSO Committee to mark the 42nd national day of Indonesia (August 17).

It was attended by, among others, Professor Hoang Minh Giam, president of VCSPOP, and Indonesian Ambassador Yohannes P. Louhanapessy.

Speaking on the occasion, VCSFIP General Secretary Trinh Ngoc Thai brought out the achievements obtained by the Indonesian people in many fields over the past 42 years. He said that Vietnam and Indonesia shared long-term interests, namely peace, stability, friendship and cooperation much needed in national construction in each country. "The two countries have long shared similar views in search of solutions to urgent questions of Southeast Asia through negotiations in the just interests of each country and of friendship and cooperation among regional countries," Trinh Ngoc Thai said.

Ambassador Yohannes Louhampessy praised the age-old friendship between the peoples of Indonesia and Vietnam which, he said, "will constantly consolidate and develop in the interests of each country and contribute to the struggle for building Southeast Asia into a zone of peace, stability, friendship and cooperation."

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CSO: 4200/807

LEGISLATION SUGGESTED FOR EFFECTIVE REPRESENTATIVE ACTIVITY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 May 87 p 1

[Article by Giang Ty, of Subward 9, Ward 11: "Activities of Representatives of People's Councils Should Be Ensured By Law"]

[Text] Elections to the National Assembly and people's councils at ward, district, subward, and village have been concluded. City residents have elected 1,032 representatives to ward and district people's councils and 12,813 representatives to subward and village people's councils. Including representatives to the municipal people's council, there are a large number of publicly elected representatives in the city. For a long time, many people have lost confidence in the activities of representatives to people's councils at all levels. This is partially due to a lack of positive action on the part of many representatives, who have not been satisfying the legitimate needs of the electorate. It is also partially due to the lack of regulations governing specific actions to help enable representatives to people's councils to implement their right to represent. For example, Article 120 of the Constitution prescribes that persons in charge of state agencies in localities must receive representatives to people's councils and examine and resolve proposals of the representatives. In actuality, the leadership of a number of agencies seize many pretexts for not receiving representatives--such as being busy with studies, busy with work, etc. Some agencies receive representatives and acknowledge proposals from representatives, but ignore them, let things drift, and do not resolve issues. When people who make requests and bring up complaints and accusations to representatives find that they are not resolved, they are disappointed, grow tired, and lose confidence in the role of representatives to people's councils.

We suggest that the legislative agency, which is the National Assembly, generate specific regulations to enable representatives of the National Assembly and people's councils to implement their right to represent. For example, an agency might be liable for prosecution for not receiving representatives within a specific time. If the leadership of an agency receives representatives, how and how long should it take for to investigate and resolve their suggestions? If the leadership of a state agency does not choose to satisfactorily resolve suggestions of representatives, there should be specific steps for prosecution.

The time has come for activities of people's councils and representatives to be ensured by law; we can no longer tolerate laissez-faire attitudes, which compromise the trust of the people in agencies of state authority.

GENERAL DEPARTMENT IMPLEMENTS RESOLUTION TO PROMOTE TOURISM

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 7 May 87 p 1

[Text] Implementing the resolution of the Council of Ministers, the Tourism General Department has worked with associated agencies to discuss visa processing for international visitors to Vietnam, including overseas Vietnamese coming home to visit through tourist organizations. Generally, tourists coming to Vietnam are favorably received. Overseas Vietnamese, no matter how they left or in what circumstances, can use the tourist route to return to visit their home towns, visit relatives, and tour historical and scenic locations in the country.

Vietnamese embassies in foreign countries are authorized to issue entry visas swiftly, without having to wait for comment from home as before.

The signing of a cooperative tourism treaty with Kampuchea and Laos has created a new tourist route. Tourists can visit all three countries, with such renowned placenames as Ha Long and Hue (in Vietnam), Angkor (in Kampuchea), and Luang Prabang and Vientiane (in Laos). Fourteen groups of international tourists have taken this tour. Visitors have written down many fine impressions. Visitors sticking to the tour can take pictures and movies, except in places where signs prohibit it.

The Customs General Department has issued instructions to lighten inspections for waterway tourists when the ship crosses the Vietnam border. When the Neckerman (of the Federal Republic of Germany) docked at the ports of Danang and Saigon in March 1987, luggage did not have to be declared when the tourists went ashore.

As for airway tourism, the Tourism General Department and the Customs General Department are drafting changes to regulations with the aim of establishing procedures in keeping with current international visa practices.

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CSO: 4209/501

NGUYEN KHANH ADDRESSES NATIONAL INFORMATION CONFERENCE

BK121152 Hanoi Domestic Service in Vietnamese 1430 GMT 11 Aug 87

[Text] On the afternoon of 8 August 1987, Comrade Nguyen Khanh, deputy chairman and secretary general of the Council of Ministers, addressed the national conference on information.

The comrade first briefed conference attendees on the viewpoints of Comrade Pham Hung, chairman of [word indistinct]. Efficacy must be taken into consideration while performing information work. More than anyone else, the information service must renovate itself and contribute to ensuring democracy through its role in the society.

The armed services in the information sector should organize their forces well, firmly maintain solidarity, gradually renovate their material and technical bases, and strenuously improve their professional knowledge in order to fulfill their missions.

Then, Comrade Nguyen Khanh thoroughly analyzed the state management function of the information sector and the organization of the information sector apparatus in provinces, districts, and primary installations.

The delegates to the national conference on information included heads or deputy heads of training and propaganda committees; heads or deputy heads of the administration's organization sections; directors and deputy directors of cultural and information services; directors of radio and television stations of provinces, cities, and special zones; directors of television stations throughout the country; and delegates from many central agencies and sectors. All of them have animatedly expressed their views.

The conference attendees unanimously agreed with the contents of reports presented by Minister Tran Huan and with the things to be done immediately in the armed services of the information sector, which the press, radios, and televisions could print, publish, expose, and so forth in the days ahead.

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CSO: 4200/897

BAC THAI PEOPLE'S COUNCIL REVIEWS 1987 ACTIVITIES

BK060931 Hanoi Domestic Service in Vietnamese 1430 GMT 5 Aug 87

[Text] The Bac Thai Provincial People's Council recently met to review the implementation of its activity plan for the first half of 1987 and to decide the urgent tasks to be carried out in the second half of the year.

The provincial people's council studied carefully Comrade General Secretary Nguyen Van Linh's speech at the Eighth National Assembly's first meeting and discussed ways to gradually renovate its meeting procedures.

Those attending discussed the situation carefully, trying to uncover the reasons why there was a poor fulfillment of production norms for the first half of the year, especially those production norms for grain output, afforestation, forestry product exploitation, and export goods.

Many members of the people's council questioned several sectors and district and town people's committees about their activities connected with leadership, guidance, and socioeconomic management, and their sense of responsibility before the people and the party.

Of late, a number of districts have failed to exercise close control over agricultural supplies. Supplies were reportedly left running roundabout, thus reaching the hands of producers late. At a time when there are still difficulties arising from grain shortages, the administration at various levels has failed to take drastic measures against peasants delaying payment of some 10,000 metric tons of paddy in taxes. It took them 1 to 2 months to carry out the policy of indexing wages to cost-of-living increases through the selling of food to targeted people. Market price has also skyrocketed, thus causing further difficulties to the lives of cadres and workers. Internal security sectors have been slow in dealing with cases of law violations. Sectors and localities have not yet taken the initiative in pinpointing things that must be done immediately in order to instill confidence in the people.

The provincial people's council asked the provincial people's standing committee to check and supervise various sectors and localities in redressing those shortcomings brought up by members of the provincial people's council.

For the second half of the year, the provincial people's council requested that the provincial people's committee draw on experiences obtained from the

recent winter-spring crop production, concentrate on directing the 10th-month crop production activities, and provide timely and effective agricultural supplies in order to ensure the planting of 48,500 hectares of rice with an estimated output of 26.8 quintal per hectare. The committee was also requested to take the initiative in preparing enough seed and fertilizer and to provide technical guidance for planting 5,000 hectares of winter corn in order to make up for losses suffered in the 1986-87 winter-spring corn season.

It is necessary for the foreign trade sector to renovate its operating methods in order to ensure the fulfillment of production norms for those export goods which have great value such as peanuts, tea, and blinds made from palm leaves.

Efforts must be made to draw on experience obtained from those units implementing the resolution of the CPV Central Committee's second plenum. This is to perfect and broaden industrial and handicraft production activities. Various units must go ahead with reducing their personnel by 10-15 percent in order to shift these people to production and welfare activities.

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CSO: 4200/807

CLOSER CONTACT BETWEEN REPRESENTATIVES, ELECTORATE URGED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 5 May 87 p 1

[Article by Truong Thi Hoa, of the Municipal Board of Legal Experts: "Develop the Role of Representatives to People's Councils"]

[Text] The quality and operational effectiveness of elected agencies depend on the quality and operational effectiveness of the representatives of the people. In the past, "the situation has continued to exist that elected agencies at all levels operate formalistically." (Footnote 1) ("Political Report of the Central Executive Committee of the CPV at the Sixth Party Congress) A partial cause of this situation is that representatives do not yet have enough ability to develop their role of representing the people.

The most important prerequisite for guaranteeing that representatives of the people develop their role is that state agencies "create favorable conditions for activities of representatives to the people's councils." (Footnote 2) (Article 125 of the Constitution) Specifically, representatives must first of all receive training after election in order to develop their capabilities. This has great significance to practical actions of representatives throughout their term of office. The training program should provide basic knowledge needed for their activities, especially knowledge of legal principles. The contents of instruction should comprise both practical and theoretical aspects of matters. Additionally, management agencies should make it possible for representatives to fully participate in all sessions of the people's councils in order for them to execute the right to question and inspect activities of agencies and enterprises in the locality, as ordained by law.

Of no less importance is that state agencies and cadres with responsibilities and authority must truly respect representatives of the people. Respect for representatives of the people is demonstrated through attentively receiving representatives when they come on business and truly listening to the opinions of the people reported for the people by their representatives. To study the motions of representatives and provide them carefully considered responses is to respect elected agencies and to respect the right of the people to collective mastery through the agencies of state power in the locality.

On the other hand, the role of representatives of the people can be developed fully only when the representatives tie their activities to the electorate

with mass movements, as prescribed by Article 34 of the Law Organizing People's Councils and People's Committees: "Representatives of people's councils must maintain close contact with the electorate and submit to control by the electorate, implementing the system of contacts with and reports to the electorate on their activities and those of the people's council and answering the requests and motions of the people." In actuality, many representatives had very little contact with the electorate in the past, and the contact they did have was very formalistic. There were even persons who never contacted the electorate in their capacity of representatives. In our opinion, the reason for this was basically that the representatives were confronted with too many difficulties and complications when resolving issues raised by requests, motions, and grievances of the people. The representatives did not have the capability to resolve such issues themselves, but would write them out to convey them to authoritative cadres and agencies, so little attention was given to resolving these requests, motions, and grievances in a thorough and timely manner. When, after several contacts, the people who made proposals to the representatives in meetings saw that nothing was done, many members of the electorate did not want to speak or meet with the representatives any more, and ties broke between the representatives and the electorate. Therefore, it is critically necessary to take measures early for improving meetings of representatives with the people and to find ways to arrange for representatives to meet with the people and make good contact with the electorate, in the spirit of seriously accepting issues from the people and resolving them.

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CSO: 4209/501

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hanoi TRIET HOC No 1 in English Mar 87 pp 167-188

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BRIEFS

CHILDRESS' VISIT TO LAOS--A U.S. delegation led by Richard Childress, director of the Asian Affairs of the National Security Council, paid a visit to Vientiane, Laos, from 10-12 August at the invitation of the Lao Foreign Ministry. The U.S. delegation had talks with its Lao counterpart on the issue of Americans missing in Laos during the war, the humanitarian, and other issues of mutual concern. [sentence as heard] a press release was issued in Vientiane at the end of the visit. The two sides reaffirmed their respect for the principles of independence, sovereignty, and territorial integrity in their bilateral relations. The Lao vice minister for foreign affairs, Souhan Salitthilat, accepted an invitation of the U.S. Government for a visit to Washington. [Text] [Hanoi International Service in English 1000 GMT 14 Aug 87 BK] /6662

MESSAGE TO LAOS ON DROUGHT--Hanoi VNA August 14--Chairman of the Council of Ministers Pham Hung today sent a message of sympathy to the Lao chairman of the Council of Ministers, Kaysone Phomvihane, over material losses caused by natural calamities to the Lao people. The message says: "On learning that drought, plant diseases and insects have caused considerable losses to Laos' agricultural production and many difficulties to the Lao people's life, on behalf of the Council of Ministers and the people of Vietnam, I would like to extend our sincere sympathy to you and through you to the fraternal Lao people, particularly to victims of these calamities. We believe that under the clear-sighted leadership of the Lao People's Revolutionary Party and the Lao Government headed by you the Lao people will overcome all difficulties and quickly bring their life to normal." [Text] [Hanoi VNA in English 1538 GMT 14 Aug 87 CW] /6662

SRV-INDIA FRIENDSHIP GROUP--Hanoi VNA August 14--The first chapter of the Vietnam-India Friendship Association was set up at the water conservancy college here today. Among those present at the ceremony to make the chapter's first public appearance were Dr Dang Hoi Xuan, minister of public health and president of the Vietnam-India Friendship Association, and Nguyen Van Bue, vice minister of water conservancy. Indian Charge d'affaires Ashok Kumar Attri and members of the Indian Embassy in Hanoi were present. [Text] [Hanoi VNA in English 1540 GMT 14 Aug 87 CW] /6662

SRV-ALGERIAN FRIENDSHIP ASSOCIATION--Hanoi VNA August 14--The executive committee of the Vietnam-Algeria Friendship Association (VAFA) met here today to hear reports on results of the visits to Algeria by delegations of the

Vietnamese Party and Government and the VAFA on the occasion of Algeria's 25th independence day (July 5). Speaking at the meeting, presided over by Nguyen Dinh Tu, member of the CPV Central Committee and the State Council and president of the VAFA, many delegates expressed deep joy over the ever broader friendship and cooperation between Vietnam and Algeria in various fields in the interests of the two peoples and of peace in the world. On this occasion, the executive committee reviewed its works in the past year and discussed a program of actions in anticipation of Algeria's revolution day (Nov 1). [Text] [Hanoi VNA in English 1531 GMT 14 Aug 87 OW] /6662

NEW YUGOSLAV AMBASSADOR--Hanoi VNA August 15--The new Ambassador Extraordinary and Plenipotentiary of the Socialist Federal Republic of Yugoslavia to Vietnam Mihajo Horrijak, today presented his credentials to Vice-President of the State Council Nguyen Huu Tho. Vice President Nguyen Huu Tho had a cordial conversation with the new Yugoslav ambassador. [Text] [Hanoi VNA in English 1501 GMT 15 Aug 87 OW] /6662

GABON NATIONAL DAY GREETINGS--Hanoi VNA August 16--President of the State Council Vo Chi Cong today sent his greetings to President El Hadj Omar Bongo on the 27th independence day of the Gabonese Republic (August 17). The Vietnamese president's message wishes the Gabonese people success in consolidating national independence and in making Gabon a progressive and prosperous country. It wishes the friendly relations between the Vietnamese and Gabonese peoples constant consolidation and development. Foreign Minister Nguyen Co Thach has sent greetings to his Gabonese counterpart, Martin Bongo. [Text] [Hanoi VNA in English 1452 GMT 16 Aug 87 OW] /6662

CSO: 4200/807

DEVELOPMENT OF HAIPHONG'S NEW ECONOMIC ZONES

Hanoi NONG NGHIEP in Vietnamese 25 Apr 87 pp 1, 5

[Article: "The New Economic Zones of Haiphong: on the Momentum of Development"]

[Text] Haiphong is a municipality that has a population density of 863 persons per sq km. Within its agriculture, there are only 2.1 sao of arable land per person. Due to the small amount of land available, the dense population and the constant threat posed by natural disasters, farmers encountered many difficulties in their daily lives and the supply of grain and food products to the municipality was limited.

To resolve these difficulties, Haiphong, together with initiating intensive cultivation and multicropping, actively carried out a campaign to have persons living in the lowlands participate in economic and cultural development in the mountains in keeping with the spirit of the resolution of the 3rd National Party Congress. In the space of only 5 years, Haiphong sent more than 23,000 persons to build economic zones in Hoang Lien Son and Ha Tuyen Province, establishing more than 20 villages, cooperatives and units attached to local cooperatives. In 1978 and 1979, when the ethnic Chinese in Quang Ninh Province returned to their country, Haiphong sent 7,550 households consisting of 50,185 persons, 28,108 of whom were laborers, to establish 40 cooperatives and 5 state farms and forestry sites in the districts of Cam Pha, Quang Ha and Mong Cai, on Co To Island...

Today, the lives of these fellow countrymen have been stabilized and they are producing many products and goods. Many cooperatives have become advanced units in production, combat and the cultural and social fields. By 1983, our fellow countrymen in Quang Ha District had not only restored 90 percent of farmland to production, but had also begun producing many other products. With a population equal to only one-half the number of ethnic Chinese who formerly lived there, they annually produce two to three times as much in output.

Along with sending citizens to build new economic zones in the mountain provinces, Haiphong has also attached importance to claiming land from the sea within the locality. During the years from 1960 to 1970, Haiphong established the Tran Duong and Vinh Quang State Rice and Rush Farms in the coastal areas

of Vinh Bao and Tien Lang District. The agricultural cooperatives along the seacoast have also received capital from the state to clear land and claim land from the sea on a small scale for use in production.

The claiming of land from the sea in order to put more land under cultivation in Haiphong is limited in scope and has only been a norm of the state plan since the adoption of the resolution of the 7th Municipal Party Organization Congress. The congress set the following task: "...Efforts must first be focused on fully developing the potentials that lie in the arable land and labor of the municipality and rapidly producing much wealth for society..."

To successfully carry out this task, the municipality strengthened its New Economic Zone Department with the aim of conducting investigations and surveys, planning new economic zones and guiding the construction of projects. Through these efforts, Haiphong established the existence of 13,000 hectares of alluvial soil deposited by the Bach Dang, Cam, Van Uc and Thai Binh Rivers in the coastal districts. Some 9,000 hectares of this land are concentrated in the areas of Chan Hung, Dinh Vu, Route 14, Gia Minh, Cai Trap...

In 1981, after the argumentation for the new economic zones mentioned above was approved by the state, Haiphong expanded the effort to claim land from the sea. The municipality invested 336.9 million dong, including building materials and grain, and mobilized 202 water conservancy units, army troops stationed within the municipality and cadres and workers of agencies to build sea dikes. Haiphong, an industrial city, has been able to provide mechanized equipment to support key projects, such as dredgers for use in the construction of dikes along Route 14 and on Dinh Vu Island. Barge units have also been put to use transporting dirt and rocks for the construction of dikes and retaining walls. The Agricultural Machine Corporation of the municipality and the agricultural machine enterprises of the districts are the main forces in the improvement and preparation of fields. The construction of all pump stations, the electric power network, level I ditches, bridges, sluices and main roads have been undertaken by the Water Conservancy Service, the municipal Power Corporation, the Communications Service and the districts with active support from the planning, banking and finance sectors.

During the past 3 years, as a result of the close guidance provided by the municipality and the efforts of the new economic zone sector, the municipality constructed 74 km of sea dikes and ring dikes, 72 km of communication lines, 1,650 km of main roads and large area roads, 84 km of level I ditches, 22 electric pump stations, 9 bridges and 82 sluices. The new economic zones have opened or improved 10,000 hectares of land, 5,365 hectares of which have been put into production, nearly 2,563 hectares under the cultivation of rice, 640 hectares under the cultivation of rushes and 2,130 hectares being used to raise fish. Since 1983, when the headwater projects supporting production were virtually completed and the system of ring dikes was stabilized, the municipality has mobilized 3,276 households consisting of nearly 14,300 persons, 7,743 of whom are laborers, in the districts, towns and ward of Haiphong to establish 4 new villages and 4 cooperatives in the districts of Thuy Nguyen, Tien Lang and Route 14 (Do Son), establish the Trung Dung State Farm (Route 14) and establish a pisciculture enterprise in Dinh Vu. With the aim of applying technical advances, especially with the aim of introducing new

crop varieties in acidic, saline areas, the municipal new economic zone established the Saline Soil Crop Research Center.

In recent years, although some projects supporting production have not been completed, are not well coordinated and have not been utilized at full capacity, the cadres, cooperative members and workers in the new economic zones have displayed a high spirit of self-reliance and thoroughly implemented the guidelines "the state and the people working together," "building and improving fields while producing crops" and "raising short-term crops to support the production of long-term crops," producing rice, rushes, vegetables and subsidiary food crops, raising fish, buffalo, cattle, goats and so forth.

Thanks to these enormous efforts, the basic units in the new economic zones recorded significant results during the 5 years from 1981 to 1985, harvesting 18,000 tons of paddy, 200 tons of vegetables and subsidiary food crops, 600 tons of rushes and more than 200 tons of shrimp and fish.

Using capital acquired on their own together with capital allocated by the state, many cooperatives in the areas of Gia Minh, Chan Hung, Route 14 and Dinh Vu have constructed level I schools, kindergartens and child care centers and received equipment for medical aid stations through aid from UNICEF.

In addition to helping cooperatives develop production and public welfare projects, the municipal New Economic Zone Department, as well as the new economic zone sections of the districts, have been assisting cooperative member households in developing the household economy in the correct direction. To date, at practically all cooperatives, 30 to 40 percent of households have constructed tile houses or houses with flat roofs and 50 percent of households have constructed water tanks, dug wells and built livestock pens and sturdy, sanitary privies.

One noteworthy effort is that during the past 6 or 7 production seasons, the cooperatives and state farms have reviewed the experience gained in the intensive cultivation of rice and fish for meat and breeding and the raising of high yield buffalo, cattle, ducks and poultry. The Saline Soil Crop Research Center has also begun to successfully research many new, high yield varieties of rice that are suited to acidic, saline soil and is now in the process of producing seed so that these varieties can be introduced in main crop production within new economic zones throughout the municipality in the next few years. The material and spiritual lives of those persons who have gone to build new economic zones are gradually being improved. Under the 1986-1990 5-Year Plan, in order to build upon the victories that have been won and implement the resolution of the 6th National Party Congress as well as the resolution of the 9th Municipal Party Organization Congress, Haiphong's new economic zone sector will endeavor to carry out the three economic programs in grain-food products, consumer goods and export goods. Here, its principal task and targets are:

--Facing difficulties with capital and materials, the cooperatives and state farms will concentrate their investments on thoroughly developing each potential of the Route 14, Gia Minh and Chan Hung new economic zones and a number of small zones of the districts that have begun to be built.

--Preparations will be made for expanding the Bang La, Dinh Vu and Vu Yen new economic zones under the guidelines of gradually implementing approved planning, building self-contained project items and rapidly putting them into operation supporting production.

--Small zones consisting of a few dozen hectares will be rapidly developed under the guideline "the state and the people working together."

Management will be strengthened (the management of capital, materials and economic-technical quotas) and advanced scientific achievements and traditional experience will be applied in production. Attention will be given to the aspirations and interests of the masses (concerning land for housing, gardens, ponds, livestock production and the development of the household and private economies) and effective investments will be made in public welfare projects.

As regards the specific tasks for 1987, the first year in the implementation of the resolution of the 6th Party Congress and the resolution of the 9th Municipal Party Organization Congress, the municipal New Economic Zone Department has set the targets for the new economic zones of the municipality between 1987 and 1990 as:

--As regards grain and food products, efforts will be made to put 6,000 hectares under cultivation in 1987 and 10,000 hectares under cultivation by 1990. In conjunction with expanding the amount of area under cultivation, importance will be attached to practicing intensive cultivation and multicropping and to applying technical advances in order to achieve an output of 13,834 tons in 1987 and an output of 31,250 tons in 1990.

Full use will be made of silt fields and hills in order to make buffalo and cattle production one of the most profitable production sectors and raise 1,000 head in 1987 and 1,500 in 1990. Efforts will be focused on guiding pisciculture in order to increase the total amount of area devoted to pisciculture in all zones to 1,344 hectares in 1987 with an output of 597 tons and to 2,264 hectares by 1990. Investments will be made in intensive development in order to achieve a fish output of 1,360 tons or more. Efforts will be made to maintain and develop the hog herds of cooperative member families in order to raise 3,000 hogs in 1987 with an output of 172 tons and 6,000 hogs in 1990 with an output of 428 tons of meat. Poultry production must be developed, primarily the production of female ducks and seasonal laying ducks. In 1987, the total number of ducks being raised will be increased to 15,500, with an output of 550,000 eggs and 10 tons of meat. In 1990, the total number will be raised to 20,000 in order to achieve an output of 750,000 eggs and 12 tons of meat.

--As regards consumer and export goods, shrimp and rushes will continue to be consumer and export goods that can be exported locally and sold on the world market by the new economic zones. The zones that have the conditions needed to record large harvests are Vu Yen, Dinh Vu, Chan Hung and Route 14. Efforts will be made to increase the amount of shrimp sold to the state each year to 300 tons. Some 300 to 400 hectares of rushes will be put under intensive

cultivation in order to produce 2,000 to 3,000 tons of rushes for use as raw materials in the production of mats and blinds for domestic consumption and exportation. Brick, tile and lime production will be expanded in order to annually produce 50 million bricks and tiles and 100,000 tons of lime for local construction and for supply to the municipality.

To meet the above targets, more is needed than just determination on the part of the basic unit, on the part of cadres, cooperative members and workers. Positive support must also be provided by the state. Therefore, the municipal New Economic Zone Department has suggested to the state and the municipal People's Committee that they continue to make investments, specifically, an investment of 29,300,000 dong in 1987, so that work can continue on improving fields, building area dikes, reinforcing dikes, building jetties and building production support projects and collective welfare projects. These investments will be gradually increased over the years, reaching a total of 275 million dong invested in these projects in 1990. Of this amount, the central level will provide 30 million dong annually between 1987 and 1990. Local capital will increase from 15 million dong in 1987 to 25 million dong in 1990. Capital in the form of credit will amount to 10 million dong each year. The people will contribute 5 million dong in capital in 1987 and 10 million dong in each of the following years.

Despite these sources of capital, it is the policy of Haiphong, even in 1987, to mobilize both the labor and capital of households and private individuals to participate in building the new economic zones and producing products in these zones.

In order to utilize capital in a way that yields high economic returns, the municipal New Economic Zone Department has adopted strict measures concerning organization and implementation.

--In key zones, capital will be utilized in a concentrated, well coordinated manner in order to complete all jobs that are started.

--Efforts will be focused on achieving intensive development in existing large zones, particularly the zones in which investments have been made to achieve an average rice yield of 5-6 tons of paddy per year. Efforts will also be focused on developing the cultivation of shrimp and fish, zoning grasslands for buffalo, cattle, goats and so forth.

--The Dinh Vu and Vu Yen new economic zones will be effectively developed in order to create areas that specialize in the cultivation of shrimp and fish for exportation.

Production plans and measures providing specific guidance have been sent down to the cooperatives, state farms and new economic zones for discussion. Cadres, workers and cooperative members have contributed many worthy ideas and are highly determined to meet and exceed these plans.

7809

CSO: 4209/480

MINISTER OF BUILDING ON CAUSES OF CEMENT PLANT EXPLOSION

Hanoi LAO DONG in Vietnamese 19 Mar 87 p 3

[Response by Phan Ngoc Tuong, the minister of building, to questions posed by LAO DONG on an accident that occurred at the Hoang Thach Cement Plant]

[Text] The Hoang Thach Cement Plant is a modern and highly automated plant with a capacity of 1.2 million tons per year. This is presently the only plant in Vietnam that produces cement using dry methods. Recently, there was an accident at this plant: there was an explosion in the kiln static electricity dust filter. In accord with the wishes of many readers, LAO DONG interviewed the minister of building, Phan Ngoc Tuong, on the cause of this accident, human and property losses, and the responsibility of the ministry and plant leadership. We also asked him about overcoming the effects of this in order to stabilize production. The following is the response by the minister.

At 0602 hours on 2 June 1986, there was an explosion in the kiln electrostatic dust filter. This explosion killed one worker and injured another working in this area. The clinkers kiln was out of operation for 3 months. The other production chains shut down for 2 months after using up the reserve clinkers.

Immediately after the explosion, the Ministry of Building, in coordination with the technical organizations, inspected the site to determine the cause of the explosion. The direct cause of this explosion was that the operator that day did not have a thorough knowledge of the techniques and so he did not know how to balance the amount of coal-oil and air. As a result, there was a lack of air. The coal and oil mixture did not burn completely and this produced a large amount of CO (carbon monoxide) capable of exploding. As a result of a number of factors, including the effect of H₂ gas, the MFO oil began to burn and this led to the explosion in the static electricity dust filter system. Also, nothing could be done to relieve the high pressure in the dust filter (which resulted in the CO exploding).

There were also a number of shortcomings and weaknesses concerning technical management, labor management, and production organization and guidance that led to this explosion. Specifically:

Reasons having to do with technical management: Regarding the Hoang Thach Cement Plant, the central control office is the important production command

position. Everything that takes place in the plant's production chain reflects on this, and every production order is issued from this center. The CO analysis element and the CO-concentration safety alarm to the central control office are frequently out of order and often run into difficulties. But they were not inspected or repaired during the firing of the kiln this time. This is one reason for this explosion. Also, the plant had not proposed operating regulations or regulations to maintain the CO analysis station.

The regulations on installing high-voltage electricity and allowing high pressure in the work positions are not strict.

Reasons having to do with using and controlling the laborers: The assignment of laborers to the central control office is not done carefully. There have been a number of cases in which technical employees have not reported for work in accordance with the assignments and people have switched shifts with each other. On the third shift on 1 June 1986, there was a list of people who were supposed to be one duty, but people were absent. This is a manifestation of loose labor discipline.

Because of a shortage of kiln operators during the shift, the foreman in charge of production during the third shift on 1 June 1986 had to entrust on-probation engineer Tran Anh Tuan with the task of operating the kiln. Anh Tuan had never operated the kiln before and so he did not have an adequate understanding. He had thought about refusing to accept responsibility for operating the kiln. This, too, is an important factor that led to this explosion.

As for responsibility, the investigation council arrived at conclusions about this incident. The Ministry of Building has assigned responsibility as follows:

Technician Le Huu Hoach, the deputy supervisor of the production shop and the foreman on the third shift on 1 June 1986 failed to carry out his responsibilities and did not notify the director that there was a shortage of operators during the shift.

The director had given Engineer Nguyen Van Hanh, the deputy director of production techniques and production shop supervisor, the day off. Thus, he did not come to work on 1 June 1986. Nevertheless, in terms of responsibility, he exhibited shortcomings and weaknesses in his work, which weakened the technical management and equipment safety of the shop.

Engineer Cao Van Tuan, the head of the production techniques office, which has a central control element, was on duty until 1800 hours on 1 June 1986. However, he assigned central operators incorrectly, and his labor management standards were low. He allowed people to change shifts at the center at their convenience.

In terms of overall responsibility, it is the plant director who bears full responsibility to higher echelons for the shortcomings and weaknesses in the plant's technical and labor management that led to this major accident.

Tran Anh, the probationary engineer who was operating the kiln on the third shift of 1 June 1986, was assigned a job that was not in accord with his functions and tasks. But he did not resolutely refuse to do the job. Instead, he accepted the task of operating the kiln, which led to a serious mistake and the explosion.

Engineer Trinh Duc Dat, who was in charge of the CO analyzer, did not monitor the analyzer closely. He was late in discovering the problem and did not make repairs promptly. Also, the quality of the repairs was not good.

Engineer Nguyen Hong Quan, the man who was supposed to operate the kiln during the third shift on 1 June 1986, violated labor discipline by arbitrarily taking the shift off. As a result, there was no one there who was authorized to operate the kiln. This is one of the things that led to this accident.

The Federation of Cement Enterprises, the higher-echelon management organization directly responsible for the Hoang Thach Cement Plant, bears responsibility because of the way it inspected, guided, and supervised things. It allowed the plant's technical and labor management to become lax.

As for the Ministry of Building, even though management has been decentralized, it has failed to regularly inspect and supervise the Federation of Cement Enterprises and the plant in order to help lower echelons control production effectively.

Immediately after the accident, the Ministry of Building urgently developed a plan to dismantle what was left in order to preserve things and make preparations for repairing the plant. At the same time, the dismantling process was also a process of examining the wreckage and determining the causes of the explosion. It was determined that the repairs would take about a year to complete and so the Ministry of Building met with Danish specialists and discussed designing and installing a temporary system of smoke ducts using fans to attract the smoke directly into the ducts instead of having it pass through the electrostatic dust filters so that the plant could continue operating.

The installation of the temporary system of smoke ducts and the initial repairs cost 42 million dong. This does not include the cost of rebuilding the plant, which will be much more costly than the initial repairs. At present, it isn't known exactly how much this will cost. Carrying on temporary operations as at present is very disadvantageous. Each day, the plant releases approximately 100 tons of matter into the air, which is polluting the environment everywhere within 1 sq km of the plant.

The Ministry of Building has taken disciplinary action against the leadership cadres, technical cadres, and workers who committed violations that led to the accident. At the same time, it has temporarily assigned skilled and experienced leadership cadres to the plant in order to manage and control production, quickly overcome the effects of the accident, and put the plant back into operation.

Along with formulating and perfecting technical regulations, which means strengthening labor discipline during production, particular attention must be given to the lives of the plant cadres and workers. There must be a suitable system of compensation for the cadres and workers who carry out the main tasks at the plant so that each person can do his work without having to worry about other matters. At the same time, conditions must be created to improve the technical standards of the cadres and workers so that they can control the machinery and equipment and promptly overcome accidents in production.

11943

CSO: 4209/471

HOARDING CAUSED BY EXPECTATION OF PRICE INCREASES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 1 May 87 p 4

[Article by T.Q.T.: "A Current Affairs Story about Wages, Prices"]

[Text] In some places, there has been a resurgence in goods accumulation, after a period of quiet in nearly all large merchandising centers due to measures taken to expand the circulation of goods and eliminate inspection stations.

On 29 April, when a large cooperative store of the municipal cooperative trade branch opened for business at 727 Tran Hung Dao Street, more than 2,000 persons rushed in; customers crowded the store all that day and it was still crowded yesterday. It was not just the normal business on days when the store is open. It was not just because of low prices greatly different from those of the free market. It was also not because a lot of merchandise could be bought there which the trade sector is usually short of. Business experts immediately identified a psychological motivation: crowds of people had been incited to buy and hoard goods because of recent rumors that there would soon be an increase in wages and therefore a raise in prices.

The state is presently planning to reduce some of the difficulties in the daily life of wage earners in the spirit of the resolution of the recently held second plenum of the Central Committee.

As everyone understands, wages have remained at the old level since the currency exchange in September 1985, while prices of merchandise have escalated a dozen times. Persons receiving a fixed income have suffered serious losses. To gradually compensate for those losses is an urgently required means of alleviating hardships in daily life. It must be understood that the current capabilities of the state enable it to provide only enough compensation to relieve a small amount of the hardships in the daily life of wage earners, yet before that compensation has been implemented, rumors of "wage increases" aimed at hiking prices could cause unsuitable changes.

Clearly, to speak of wage increases is inaccurate. To hear the rumor of "wage increases" and run out to buy goods only causes further changes in price, which is profitable only for merchants who do not receive wages. The ultimate damage is first to workers and government personnel, and subsequently, when

prices rise, to the daily life of workers' families in general will be made more difficult. In addition to providing a little subsidy to wage earners, the state is striving to slow down the pace of price increases in various ways in order to ensure real income for wage earners and gradually stabilize life for working people. We citizens must maintain a sense of responsibility and contribute to enabling the successful implementation of this good plan.

9830

CSO: 4209/500

OPEN-DOOR COMMERCIAL POLICY URGED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 2 May 87 p 1

[Article by Khanh Linh: "Eliminate Procedures of a 'Closed-Door Policy' Nature"]

[Text] We were glad when the Municipal People's Committee published Resolution No 192, dated 2 December 1986, on a number of policies to promote production directed toward the municipal small industry and handicrafts collective economic zone, which included the statement that "permission is granted for on-hand funds to be spent to send persons to visit foreign countries and research markets there in accordance with the decision of the state to expand export markets." Is this not perhaps the first step in abolishing the current "closed-door policy"? This problem is raised because it is very limiting for us. Specifically, as the director of the Southern Laundry Detergent Corporation reported on television to General Secretary Nguyen Van Linh, "I have an invitation from a minister of a friendly country (Laos), but the process of receiving permission takes 5 months..." (or words to that effect). A friend of mine who recently went to declare the receipt of merchandise (since for him to have kept it would have had adverse political effects on him and would have caused difficulty for his wife's efforts to find work) complained that when he went to declare it, the customs agency forced him to make statements not related to his relatives about the money for the goods; he did not seek to declare goods again. He said to himself, "The state encourages contact with relatives in foreign countries to send production materials and supplies with which to build up the country, and then an agency of the state decides on so much red tape that persons who want to respond to the encouragement of the state for the state's interest as well as their own are discouraged from doing so." That is to say nothing about how receiving goods, with the stamp placed on his household registration paper, caused such problems for him that he had to tell his relatives in the foreign country not to send anything more. Above are two specific problems; there are many more that cannot be treated within the limitations of this article.

--The political report of the Sixth Party Congress clearly stated that if our country wants to combine the strength of the nation with that of the era, our country must participate in the international division of labor...and "create favorable conditions for Vietnamese living overseas...to have close relationships with their homeland...."

--We must maintain high vigilance and counter the war of destruction waged by the enemy on many fronts, but not by a "closed-door policy"; we must invest in the effort to increase occupational skills of workers and people, with the aims of ensuring political security and enabling the people to participate in social and economic development. We have the strength of the system of dictatorship of the proletariat and the strength of the socialist system, so "closed-door policy" management is no longer appropriate.

9830

CSO: 4209/500

REFORM OF CUMBERSOME BANKING PROCEDURES PROPOSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 7 May 87 pp 1, 2

[Article by Cong Vinh: "Speaking Directly to the Bank To Ensure Right of Self-Management of Capital"]

[Text] Everywhere in business activities today, everyone fears account transactions. Why is this?

The present banking system is too cumbersome, with too many personnel, whose work performance is poor. If interest is paid to an account holder by depositing it in a savings account, the place to collapse first will be the bank. As for work, it is a matter of "if the father would die, nobody would cry"! In Ward 4, every disbursement is made by the head of the bank; the assistant director can only sign for him when he is absent, and the person waiting to receive funds has to bring along a huge quantity of plans, reports, and contracts. Generally, a trip to the bank requires "a head full of reasons and arms loaded with proof." It usually takes two "audiences" to get funds.

In the banking system of old Saigon, it only took 10 minutes to get cash if the signature and the numbers were correct.

The procedures for payment without using cash are also too complicated. For instance, say a person with an account wants to pay his water bill to the water supply corporation. When he gets the bill from the billing people, if he pays in cash he receives a receipt immediately, but if he pays by check he must first go to the bank to guarantee payment and fill out the payment authorization form; then only after he receives the debit notice 2 days later can he go to the water supply corporation to get his receipt, using up 2 liters of gas going back and forth.

"The bank will indemnify customers for damages caused by the bank in the process of depositing or withdrawing money in accordance with the state management system." (Article 2, "Temporary Decision on Socialist Business Structure and State Management of the Bank To Ensure Right of Basic-level Economic Units To Self-management of Production, Business," published as an enclosure to Resolution No 76/HDBT of the Council of Ministers, dated 26 June 1986) To date, the bank has never indemnified any unit, not that there have been no damages. A number of individual small industry and handicrafts

installations in Ward 4 borrowed funds from a savings account at a high interest of 8.4 percent monthly. Because they borrowed cash, they had to agree to pay it back to the account in cash when the loan came due. But when goods were sold to ordering agencies, the ordering agencies paid by account transfer to the bank on one side (the commerce bank), and the agency receiving money in cash, unable to repay the bank on the other side (the savings bank), was penalized triple the amount when the loan was not paid on time, at a rate of 25.2 percent monthly--if they borrowed 100,000 dong, they had to pay back 840 dong in daily interest. They were forced to pay it back to the savings bank while the money deposited in the commerce bank was sufficient to settle the account.

The commerce bank should therefore bear the responsibility for indemnifying the account holder for repaying the savings bank or the credit cooperative and must fully repay the 25.2 percent due from the day this unit had money to the day the debt was repaid; only this would provide balance and generate "trust" in the customer.

The banking sector should not leave leadership cadres at wards and districts in one function and location longer than the term of office of representatives of the National Assembly, but should rotate them. If they stay in one place, it is easy for such shortcomings to develop as giving preferential treatment to one customer over another.

I suggest that banking be renovated to the following model:

--The banking sector should allow all units with accounts, including persons with savings accounts, to pay by fund-transfer checks, except when they have overdrawn too many times, in which case they must have payment guaranteed, as is the practice today. The bank should transfer management to a separate agency and should only handle disbursements and loans. Bank deposits are not exclusively commercial tax-bearing funds, but also incentive loans of families and friends transferred from savings accounts when they need it and paid back when it is not needed, without having to use cash. Savings accounts should also be settled without using cash when necessary. Actually, no one wants to keep a lot of cash in the house for thieves to take; but when it is convenient to deposit it but hard to get it out, no one wants to deposit it and wait, get payments guaranteed, and undergo such inspections as now take place.

For example, when the electricity bill collector comes to someone with a bank account, even if it is a savings account, he should be able to write out a check and get a receipt immediately; the same for the water bill and grocery bill. If a large sum of money is involved, the sale can take place when the seller has received the funds verification form.

An account holder has the right to pay wage earners by check, or profits can be transferred into savings when needed. Until the personnel have used the money, they can withdraw just enough, and the rest can be transferred to their own savings account to earn interest; when they need it, they can write a check to buy gold in a gold shop if they want, because when money has turnover value, gold is not as precious as money.

Thus, lawsuits are required for merchandise sold on the free market for which shops will not take a check because the merchandise is considered contraband in order to uphold equality between payment in cash and payment not using cash and at the same time to reduce the number of personnel for counting money and accepting deposits and to avoid corruption, embezzlement, and graft.

Clearly, in such a banking model, payments could not be based on "prior receipt with subsequent authorization," as happens today, for all transactions of an account must have the signature of the account holder. The bank must fulfill its function of authorizing payment, but the person in charge is the customer. Apart from judicial decisions, no agency or person, including tax agencies, can withdraw the money of customers without permission of the account holder, represented by his signature. Only this can guarantee that checks will not exceed funds available.

--Units of a judicial nature of business operations that can open accounts are required to provide the best location with their account number and accept priority for settling accounts by check. The banking sector should not fear that the customer will overdraw, for the account holder is the person with the assets, and no one would be stupid enough to turn merchandise over to someone at a high price without checking his account by telephone or would turn over goods until he has received a funds verification form.

--Transactions do not necessarily require identification of the nature of the transaction. The account holder need only sign the check to obtain authorization to buy the merchandise, so if he signs a check to buy a TV or a Honda Cub, it is sufficient only that he produce peoples' proof.

9830

CSO: 4209/500

SPECIALIZED BANKS ESTABLISHED

Hanoi NHAN DAN in Vietnamese 13 May 87 p 1

[Text] Based on reviewing the lessons and the successful and unsuccessful experiences in recent years, the banking sector has put forth a number of specific measures on revising and supplementing the functions, tasks, and organization of the State Bank, on the trade relationship between customers and the primary-level banks in the cash-credit-payment sphere, and on organizing the banking apparatus in order to make innovations in organization, change the operating procedures, and shift quickly to economic accounting and socialist business.

The sector's most important tasks are to strengthen control over currency circulation, attract the extra cash of the people, and turn money around quickly. It must also expand non-cash methods of payment and support commercial production well.

Along with improving the quality of the operations of the existing specialized banks, such as the Foreign Trade Bank and the Investment and Construction Bank, a number of other specialized banks will be established. These include the Industrial-Commercial Bank and the Agricultural Bank.

The Investment and Capital Construction Bank has made many contributions in participating in formulating capital construction plans, examining project estimates, making timely proposals to postpone a number of ineffective projects, and transferring almost 3 billion dong to key projects. The 23 branches of the Investment and Construction Bank have audited 302 financial statements and checked the payment receipts, which has saved the state budget more than 130 million dong.

The experiences of the Investment and Construction Bank have created a basis for building and guiding the operations of the specialized banks in the coming period with the aim of stepping up the cash cycle through bank funds, conducting credit work well, carrying on intensive investment in the national economy, concentrating investments on the agricultural cooperatives and production companies so as to increase the production of food and build zones that specialize in the cultivation of industrial crops, and making loans in order to forge a link between the national, collective, and family economies.

11943

CSO: 4209/508

INVESTMENT BANK ACTIVITIES REPORTED

Hanoi NHAN DAN in Vietnamese 9 May 87 p 1

[Text] The Hanoi Investment and Construction Bank is overcoming various weaknesses, making innovations in work methods, creating favorable conditions for supplying capital to the construction and installation units, and giving attention to the investment results. Thanks to monitoring the construction situation, the use of capital at each project, and the activities of the construction and installations units, the investment bank has actively participated right from the beginning in the construction plans. It has recommended postponing construction on tens of projects and various construction and installation elements that are not essential, that will not bring good economic results, or that cannot be carried out. It has reduced expenditures based on estimated costs by hundreds of millions of dong. It has examined estimates and checked the final statements, discovered and eliminated irrational expenditures totaling hundreds of millions of dong, and concentrated the capital on key projects in order to manifest economic results.

The Hanoi Investment Bank has mobilized almost 200 million dong from various sources in order to make loans and help complete many projects quickly and recovered the loans quickly. The bank is implementing measures to control the capital used in capital construction. At the same time, it is continuing to exploit the sources of capital and expand commercial business activities, including engaging in cooperative activities and taking foreign loans, in order to switch banking operations to economic accounting and socialist business.

11943

CSO: 4209/508

EDITORIAL DISCUSSES CHANGING BANKING TO SOCIALIST BUSINESS

Hanoi NHAN DAN in Vietnamese 13 May 67 p 1

[Editorial: "Change Banking Activities to Socialist Business"]

[Text] Whether changing the economic activities to economic accounting and socialist business is done quickly or slowly depends to a great degree on the activities of the banking system.

For a long time now, even though it has made a great effort, the state banking system, from the center to the localities, has not carried out its two basic functions satisfactorily, which are to manage the monetary affairs of the state and carry on socialist business using cash through credit activities and bank services. Bureaucratic centralism and state subsidies are still a problem. This is clearly manifested in the overbearing attitude taken with customers, the conservatism and slowness, and the many complex procedures in the operating formulas. All of these things have a negative effect on production and business activities and social life. In the economy, there is both inflation and a lack of cash in the hands of the state and in the banking system. Not enough cash is received in a timely manner to carry on production or purchase goods, particularly agricultural, forestry, and marine products. As a result, the state cannot maintain the quantity of goods or obtain cash. Little of the money distributed by the banks has returned to the banks and so there have been times when certain banks have not had enough money to make payments, including paying deposits of collective economic organizations and saving deposits of people. Because of this, many economic organizations have looked for another way to hold the money, and the money taken out of the banking system has gone into the social markets. Non-cash payments have not been made properly, the expropriation of assets is occurring more and more frequently, and making cash payments outside the banking system is becoming more and more widespread. The role of the banks as payment centers in the economy has declined.

At the 2d Plenum of the CPV Central Committee, 6th term, it was decided to change banking activities to socialist business. The State Bank must be perfected so that it can fulfill its task of managing the monetary and credit affairs of the state. At the same time, the specialized banks, which are business credit and banking service organizations, must be expanded. State management and socialist business must be systematized using suitable and

positive policies, measures, and steps. First of all, using effective measures, the cycling of cash through the banking funds must be speeded up, and cash shortages in the banking system must soon be ended. There must be cash reserves for the state, and self-sufficiency must be maintained in organizing and adjusting currency circulation. The urgent problems must be solved, and conditions must be created to enable the grain, internal trade, foreign trade, and materials sectors to switch to socialist business. Money must be provided for carrying on production, purchasing agricultural products, paying wages, and fulfilling the other socioeconomic needs. The various forms of bringing money into the banks must be improved and expanded. The cash needs of the economic organizations and people, particularly of socialist commerce, must be satisfied adequately and promptly in order to maintain the goods and expand commodity circulation. This is because commodity circulation is the basis of currency circulation. Based on this, these organizations must be encouraged to quickly transfer cash to the bank funds and practice cash management discipline. Savings deposits must continue to be mobilized using suitable interest rates, and noncommodity sources of cash must be expanded. Many flexible and very attractive mobilization forms must be used in order to borrow money.

The credit and interest rate policies must be implemented actively. Many flexible measures must be used to attract many unused sources of capital in the economy. Centralized bank loan funds must be established in order to expand credit activities and banking services. State subsidies must be gradually eliminated through extending credit. When making loans, the banks must mobilize existing capital, including maximum amounts from the units. The policy of maintaining the value of the loan money must be implemented. Loan funds that have been used improperly must be recovered immediately. At the same time, conditions must be created to enable the commercial production organizations to operate well, and it must be ensured that they do not encounter difficulties created by the banks. Feasible forms of non-cash payments must be expanded and implemented nationwide. Progressive payment forms must continue to be studied and used. Modern accounting and information means must quickly be put into use in auditing. Payments, including cash for remittances, must be quick and unconditional. The work methods and regulations must be changed, and the sense of responsibility and zeal of the bank personnel must be increased in order to step up the speed of settlements. The role of the banks as payment centers must be increased. There must be practical methods to stimulate the buyers and sellers in order to increase their sense of responsibility, implement the economic contracts, and make payments. The following requirement, which has the nature of a principle, must be fulfilled: to have the commercial production units implement the cash management measures well, the banks must have sufficient cash, and the tasks that do not use cash must be carried out well.

Quickly changing banking operations to socialist business will contribute to fulfilling the cash circulation needs along with reducing the inflation rate and strengthening and stimulating the socioeconomic activities.

11943

CSO: 4209/508

HANOI ISSUES REGULATION ON ECONOMIC CONTRACTS, MEDIATION

Hanoi HANOI MOI in Vietnamese 29 May 87 p 1

[Text] On 25 May, the Hanoi Municipal People's Committee issued a number of temporary rules on the work dealing with economic contracts and economic mediation so as to promote creative activity and autonomy in production and business among basic economic units as follows:

1. Production and business units, after being assigned the state plan goals to fulfill, must promptly sign economic contracts. The parties concerned can sign entire or partial economic contracts.
2. All of these units' economic activities, such as supplying, buying, and selling materials and equipment to and from sources within the plan or sources that maintain their own balance; doing joint business within the country or abroad; renting, ceding, and selling fixed assets, and so on, must be carried out through economic contracts.
3. Economic directors of state-operated and collectivized installations have the right to sign contracts with private households, including scientists and technicians who do not have business registration, nor a bank account, and to specify in such contracts the necessary commitments aimed at creating favorable conditions for developing production. It is necessary to apply such measures as state guarantees, insurance, endorsement, and so on in favor of the above-mentioned economic relations.
4. When contracts expire, the parties concerned must make final payment and settlement of such contracts, which serves as a basis for balancing materials accounts and the plan. In the case of unauthorized use of one another's capital and materials, the units that commit such an offense must pay the offended parties compensations based on prices that prevail on the socialist market at the time complaints are made. The economic arbitration organs have the authority to deal with such cases.
5. It is necessary to ensure making inventories and exerting control in connection with economic contracts by means of statistical reports, control, inspection, and registration of economic contracts. As an immediate action, concentrate on the economic contracts that deal with equipment and materials, energy, delivery of products, and import-export. Encourage voluntary

registration of contracts with guarantees offered by economic arbitrators.

The municipality's economic arbitrators issue guidelines about registration procedures; issue registration stamps, which replace contract fees; and give assistance and provide inspection to sectors, echelons, and basic economic units in connection with management of economic contracts, for the purpose of highlighting discipline concerning contracts and plans.

Sectors, echelons, and basic economic units must organize by themselves or appoint cadres to the specific task of managing economic contracts.

6. The municipality's economic arbitrators can organize legal advisory services and provide guidance over the signing and implementation of economic contracts among production and business units, or among individuals having the need for developing economic relations.

7. The economic mediation sectors, Finance Service, Municipal Planning Committee, and Judiciary Service, within the limits of their functions and responsibilities, provide guidelines for implementation of this regulation.

5598

CSO: 4209/509

FORMER SAIGON PORT OFFICIAL REVEALS CORRUPTION PRACTICES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 29 May 87 p 2

[Article by Nguyen Dang Lien, former deputy director, Saigon Port Protection Office: "Getting More Deeply Into the Painful Lessons at Saigon Port"]

[Text] Last week the Municipal People's Court ended a trial that lasted 12 days and was known as the largest "corruption and speculation of socialist assets" case so far. Tran Van Nam, former labor union chief at Saigon Port, and Dinh Sanh Ke, a professional profiteer, were sentenced to death. Thirty-two other defendants were given sentences up to life imprisonment. The Standing Committee of the Municipal CPV Committee also approved a resolution imposing a disciplinary measure by putting collective blame on the Saigon Port CPV Committee, Third Term; giving a warning to Doan Hien, former secretary of the Port CPV Committee; dismissing Thai Doan Man, committee member, from the post of deputy director in charge of internal affairs and organization; and expelling from the party 11 party members and members of the basic bloc of the Ministry of Communications and Transportation, and 11 party members and members of the Union of Transportation Enterprises.

The Public was deeply interested in the trial. The vivid lessons learned from this case still have values. Nguyen Dang Lien, former deputy director of the Saigon Port Protection Office, in the following article, further analyzes the lessons of experience learned from the negative situation of the port in the years of 1982 and 1983.

The Municipal People's Court has just completed a large part of the trial of the case of illegally acquiring socialist assets. As a person who had witnessed the negative situation at Saigon Port in the past, I feel obliged to suggest a few reasons for and to draw some experience from the rampant negative situation there in 1982 and 1983.

I was transferred from the public security sector to the Saigon Port Protection Office in March 1982. As I got to know more about the Protection Office, I realized that it was plagued with negative aspects involving everybody, from the leadership to staff members, and that the negative acts were very systematic. More noticeable were some members of the leadership and the professional protection people who had the "privilege" of being assigned to escort the barges that carried goods to the provinces. There was a perfect

understanding among crewmen and escort people, who were all under the same umbrella--the former deputy director in charge of internal affairs and organization at Saigon Port. Many public security officers at the port and in the 4th Precinct confided to me the fear they had for the great influence of the Protection Office, which had been committing many negative acts, and the fact that they did not dare to expose it for fear of "reprisals."

More and more I realized the truth behind the comments of those public security officers: It ranged from the support given to bad people who came to steal goods from the port to the collusion with foreign ships for smuggling goods, including the banned goods. And particularly in the last months of 1983, public opinion was aroused among the port workers who were talking about organized thefts taking place aboard the barges and about the fact that the letters of protest they had sent to the former board of directors of the port remained unanswered and that some workers suspected of whistleblowing were targets of reprisals.

I reported what I had heard and had direct knowledge of to the deputy director in charge of internal affairs and organization. Each time I gave such information, even though I did that in a very clever and tactful manner, I found that I became more isolated from the port leadership and Protection Office.

At that time, the leadership of the port trade union was viewing with suspicion the negative acts that were taking place in the Protection Office and the organization-internal affairs section of the port. I also officially expressed my opinion to Huynh Huu Loc, deputy secretary, and Nguyen Thanh, secretary of the port trade union, who were decent people at the port, and Nguyen Thanh Lam, then member of the Municipal CPV Committee and the new director of Saigon Port. A number of good people and active port workers also began to raise questions to the new leadership of Saigon Port.

Then the Ministry of Interior, in coordination with the Municipal Public Security Service, started an investigation. A few days earlier, the 4th Precinct public security officers had arrested two civil servants in the Protection Office for having been caught red-handed in a smuggling of "555" cigarettes. But due to pressure they had to release them. One of the two later disappeared; and the other fled the country by crossing the border.

At that time, Nguyen Thanh Lam, the new Saigon Port director, began to become a target for this gang of perpetrators to besiege and to attack with considerable frequency. I myself was also defamed and threatened by it as tension was mounting. The tense situation was to continue for a full year until I had to ask for being transferred away from Saigon Port.

The above-mentioned facts are revealed here absolutely not for the purpose of praising any individual, nor further accusing the defendants, who have miserably fallen off their horses, but rather evaluating and learning from the lessons of experience in regard to the general question of internal management and building, particularly in such complex organs as Saigon Port.

Through this we can establish these points:

1. It was obvious that we could not conclude that the former board of directors of the port and the former CPV Committee secretary had not been aware of the acts of illegally acquiring socialist assets, or had unintentionally allowed such acts to take place because of neglected management, but that these leaders had really known them and deliberately tried to cover them up to protect the perpetrators.

2. Gifts and bribes had made the former Saigon Port leadership ineffective. At the end of almost all escort jobs, the Protection Office did lavish gifts on the port leaders, including those members of the board of directors who had stayed out of these operations but then had become ineffective in the fight against negative acts (for they could not take any drastic action after having received a bribe).

From there we also can identify some of the reasons behind the negative acts as follows:

1. Recruiting of protection personnel and crews at Saigon Port at that time was very complicated and unprincipled, for it was based on personal feelings, bribes, and gifts rather than on standards set for employment in these two recruiting areas. As recruiting was wrong, it would certainly lead to negative acts aimed at retrieving what had been expended as bribes. A Protection Office civil servant had this to say: "I had to work for 3 months at the port before getting back the capital I had invested."

2. The former Saigon Port leadership (particularly the CPV Committee secretary and deputy director in charge of internal affairs and organization) was bureaucratic, stayed aloof from workers, and even became ineffective because of gifts offered by the perpetrators (the quantities of gifts were quite great and gift-giving was continuous).

3. The party's dictatorship force (specifically the public security forces of the port and the 4th Precinct) was inferior and was kept out of the port's "fence" because of the excessive size of the Protection Office umbrella. This office wielded more power than the public security forces, which for the most part were rendered ineffective.

4. The former leadership and party organization of the port showed considerable weakness in regard to constructive struggle and a lack of firmness although many party members were fully aware of and often discussed the negative acts committed by the Protection Office and by some former port leaders.

5. The question of promoting the ownership right in favor of workers at the port did not receive proper respect, and in some cases those who advocated it were reprimanded, harassed, threatened, and silenced. Although workers very vehemently denounced the negative acts of the former port leadership, Protection Office, and crews, their opinion was suppressed and rendered useless; nobody had the courage to use this source of information to satisfy the aspirations and expectation of the masses (except the new director and

trade union leadership, but their handling of the situation was also prolonged and delayed).

6. The internal management and political and ideological activities in a number of units at the port did not receive proper attention, or were either too superficial or aimless (the Protection Office held meetings fewer than once every 3 months). Superior echelons failed to set examples for inferior echelons and instead served as their accomplices.

7. The superior echelons that had authority over the port were disinterested, failed to maintain tight management over the subordinate organs, and in the face of negative behavior lasting for several years preferred to provide bureaucratic leadership through red tape, instead of actively resorting to control and investigation in order to overcome it. When the negative acts were made public, they failed to fulfill the responsibilities for protecting the decent people, were instead blinded and affected by the wrong information disseminated by the bad people, and did not have the competence and self-confidence to distinguish between black and white and to firmly fight the negative acts that had occurred in a subordinate organ. Saigon Port Secretary Hien, a perpetrator of negative acts, was not dismissed from his position and removed from the port until 1985. Furthermore, the lack of coordination and firm leadership at the time the case was made public was responsible for letting some perpetrators escape or flee the country.

All of these reasons have led to a painful consequence: Saigon Port has lost many cadres, including a number of party members who were tempered and had outstanding feats of arms in the war of resistance for national salvation and for liberation of the people from enemy rule. The state and the people have lost a lot of assets. Some decent people were disappointed and have left the port. This in turn has brought about adverse consequences, negative ones for the masses' revolutionary movement and for the promotion of workers' ownership right, and has decreased the masses' confidence.

5598

CSO: 4209/509

GOAL OF BETWEEN 30, 40 PERCENT PROFIT FOR FARMERS DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 15 May 87 pp 1, 2

[Article by Nguyen Duc: "Tan Xuan Village Farmers Contribute Ideas to Implement the Resolution of the 2d Plenum of the CPV Central Committee; How to Ensure that Farmers Get Profits of Between 30 and 40 Percent"]

[Text] The resolution from the Second Plenum of the CPV Central Committee, sixth session, published in SAIGON GIAI PHONG newspaper on Saturday, 17 April 1987, was read by numerous strata of farmers, workers, intellectuals, etc. Every person and sector is looking for "bright spots" to free them from the difficulties and troubles so long in their sphere of concern.

In the discussion on the night of 7 May with some management cadres, the production unit commander, and farmers from agricultural cooperatives in Tan Xuan Village, Hoc Mon District, we heard many ideas expressing enthusiasm for and sympathy with Resolution No 2 as well as concerns and proposals related to reality. The discussion was in the office of Tan Xuan Cooperative 1 and lasted late into the night from 1930 hours to after 2300 hours under an oil lamp. We would like to excerpt a number of views on the topic: how to ensure that the farmer, under normal production conditions, can pay for essential social expenses and have a 30-40 percent profit.

How to Reasonably Set the Tax Level

"The agricultural tax is seriously askew compared with other types of taxes. It used to be 10 percent in 'dong spent.' After being readjusted according to the classification of fields, it has risen to 13 to 14 percent on the average. Meanwhile, the industrial tax is only 4 to 6 percent. Resolution No 2 stated: 'The agricultural tax policy was improved to stimulate production. The level of taxes and contracts is stabilized until 1990.' But how has it been improved to be reasonable and have a positive effect?" Tu Tot, secretary of the village party committee and a member of the cooperative, raised this question and made this proposal: To ensure the farmers' income level, as set forth in Resolution No 2, adjust the agricultural tax level, if not lower, then at least equal to the industrial tax level.

The Economic Relationship Between State Economic Organizations and the Farmer: Still Many Hang-Ups

Perhaps this is the problem many people are expressing and putting forth much of the strongest evidence. The economic relationship between state economic organizations and the farmer, after Resolution No 8 (fifth session), has been affirmed to be equal, agreeable, etc., but the reality is that "power still is in the hands of state agencies." The deputy director of Tan Xuan Cooperative 2 said so and cited an example: "During the recent winter-spring season, the cooperative entered into a contract with the Vegetable and Fruit Corporation with very specific clauses and norms. From October 1986 to February 1987, however, the cooperative had received only 19.9 percent of the insecticide, 71 percent of the nitrogen, 10 percent of the potassium, etc. In the meantime, the cooperative still had to deliver the vegetable norm in full. The sale of materials through the 'tie-in sale' of the wrong types and economic-technical norms still frequently occurs. We have never seen party A (the contract violator) investigated in these contract violations."

The unreasonable cost of materials also contributes to "impoverishing" the farmer. Chu Tu Cat in Tan Xuan Cooperative 1 figures that he must invest a total of 26,860 dong to grow cucumbers on 10 cao of contracted land. About 1 ton can be harvested if there is good weather. Figuring a price of 25 dong per kg, he gets only 25,000 dong. So his profit is nearly 2,000 dong after a month and a half of exhausting work.

Mr Thua, deputy director of Tan Xuan Agricultural Cooperative 2, stated, "The above situation has still not improved after Resolution No 2." He said, "The two investment plans put forward by the Vegetable and Fruit Corporation in conjunction with a number of municipal agencies in the meeting to discuss contract guidelines at the district conference hall on 22 April were not approved by producers. This was because in the first plan -- investment and procurement -- my group figured on getting only about 20 percent in profits, including both wages and taxes. And if we would have gone along with the plan which figured the exchange value at 1 kg of rice equaling 2 kg of cucumbers, or 1.8 kg of string beans or 7.1 kg of spinach, then my group's income would have been even lower than plan No 1."

Hao, a member of Tan Xuan Cooperative 1, added, "This summer-fall season, I dropped back to half a month on melons (equal to one-third of the farming time) yet the cooperative has not poured in a single kilogram of supplies. This is because the whole cooperative is growing 35 hectares of melons yet has received only 1.6 tons of urea, barely enough for just 10 hectares."

Very Correct Resolution, But It Must Be "Legalized" Soon

The 19 views expressed all affirmed that the guiding spirit of Resolution No 2 is very "satisfying" to farming families. But in order for the resolution to become reality, for agriculture that is to ensure that the producer, after compensation for essential social expenses, still has profits of 30 to 40 percent, cadres and members of the agricultural cooperatives in Tan Xuan are putting forth many specific recommendations.

A member of Tan Xuan Cooperative 2 stated, "Sectors concerned with agriculture should concretize the spirit of the resolution in writing as soon as possible

and disseminate it down to production installations. How is the price favorable, 'favorable for both purchasing and selling?'; how do we improve the tax level and redetermine the contract norm to be reasonable? Is the method of payment to be by cash or by check?"

Ngoc, deputy director of Tan Xuan Cooperative 2, recommended: "To guarantee that farmers have profits of from 30 to 40 percent, the price of materials, taxes, and contract norms must be lowered. Otherwise, we must redetermine the purchase price for farm products. At the same time, the economic relationship among agencies and between the state and the farmer must be 'legalized' as soon as possible. Only in that way can the situation of 'each playing his own instrument' between the resolution and reality be avoided."

6915

CSO: 4209/504

HO CHI MINH CITY PRODUCTION SHORTFALL REPORTED

BK040947 Hanoi Domestic Service in Vietnamese 0500 GMT 3 Aug 87

[Text] During the first 6 months of 1987, Ho Chi Minh City was able to fulfill only 36 percent of its annual plan in terms of gross industrial output value. Norms for other activities, such as capital construction and the purchase and sale of goods, had also been fulfilled by only 26.3 to 30 percent.

However, at its recent meeting the city People's Council decided not to revise the city's annual plan but to set forth measures to concentrate on solving various problems to ensure that all set norms are fulfilled. The city People's Council intensively analyzed the causes of the city's failure to fulfill various planned norms for the first half of 1987, such as the lack of materials, funds, and electricity for production.

Meanwhile, it pointed out shortcomings in managerial work among various echelons and sectors that have lessened the effect of various current policies of the city party committee, especially those production, and business units still affected by indiscipline, irresponsibility, localism, and individualism.

Efforts have not yet been made to promptly control such practices as seeking price differences and bolstering prices. It is noteworthy that those units engaged in export and import work still fail to combine this work with production, still do not place general interests above local interests, and still use private traders as intermediaries, thus allowing them to disrupt the market. Meanwhile, discipline in matters related to cash, prices, and financial activities has not been observed and the role of the state in distribution and circulation has loosened.

Based on the status of the supply of electricity for production in the remaining part of 1987 and on the quantity of materials to be received in full from the state for production on schedule, the city People's Council decided on a number of emergency measures for the immediate future. This is aimed at putting the industrial and commercial bank--which has been set up under the authorization of the Council of Ministers--into operation in August to satisfy the need for cash in production and business: mustering funds and revenues; examining the financial status of production and business units that are still indebted to the 1986 budget; strictly and mostly dealing with those units violating revenue discipline, price discipline, and order in sale and purchase activities in the city; and suggesting that the central government determine a reasonable face value to encourage production.

/6662

CSO: 4200/808

MACHINE INDUSTRY ACHIEVEMENTS, 1987 TASKS DISCUSSED

Hanoi TAP CHI CO KHI in Vietnamese No 1, Jan 87 pp 1-3, 6

[Summary of Speech by Minister [Nguyen Van Kha] and the ministry report presented at the 5 January 1987 Work Review Conference: "A Number of Observations on the Implementation of the 1986 Plan and the 1987 Tasks of the Machine Industry"; location not given]

[Text] The 1986 state plan entrusted the ministry with the task of increasing the value of gross production by 6.7 percent and increasing budget revenues 3.5 times as compared with 1985. The capital construction budget was cut 48 percent as compared with 1985.

The supply of materials and electrical energy was not in balance with the production tasks. Stipulations on policies and procedures for switching over to socialist economic accounting were not issued on time. Many socioeconomic fronts were unstable, prices increased quickly, real wages declined, and so on. This situation had a great effect on the production and activities of the enterprises and primary-level units. However, in 1986, based on a spirit of striving to concretize the resolutions of the CPV Central Committee on making innovations in the management system, with a spirit of overcoming the difficulties, the ministry and primary-level units fulfilled the plans made by higher echelons and scored achievements to greet the Sixth Party Congress. The value of gross production was 100.2 percent as compared with the plan, an increase of 9.8 percent as compared with 1985. The value of commodity production was 101.4 percent as compared with the plan, an increase of 10 percent as compared with 1985. The labor productivity of a production worker was 101.3 percent as compared with the plan, an increase of 8.72 percent as compared with 1985. Product quality remained stable. In 1986, 39 products received the state seal of quality, which accounted for 12.8 percent of the value of commodities. Of these, 34 were Level-1 and 5 were high-level products. However, most of these products were consumer or production materials whose technical complexity was not very great. Diesel engines, tractors, and machine tools are machine products with a high degree of technical complexity. They are old products that are used in the economic sectors. But little progress was made in improving the quality of these items. The error rate in the casting process at a number of enterprises was too high. Export machine products began receiving attention, and in 1986 the plan (MECANIMEX) was exceeded by 14 percent. In recent years, the plants have begun

concentrating more on supporting agriculture. Machine products to support agriculture accounted for 38.4 percent of the products, an increase of 12 percent as compared with 1985 and an increase of 2.4 times as compared with 1981. In particular, attention has been given to promoting the production of parts for agricultural and piscicultural equipment. During the period 1981 to 1986, 62,371 parts of various types (engines, water pumps, tractors, road equipment, and rice mills) were produced. A number of parts supplied to agriculture in 1986 increased well as compared with 1981: high-pressure pump parts increased 11.4 times, engine parts increased 40.5 percent, Bong Sen tractor parts increased 6 times, and ball bearings for agriculture increased 6 times. In recent years, the ministry has made its subordinate machine installations directly responsible for repairing agricultural and fishing equipment for the localities. A number of plants have carried out this policy well. This includes the Hai Duong Pump Manufacturing Plant, the Duyen Hai Machine Plant, Automobile Parts Plant No 1, and the Agricultural Machine Design Institute. However, for many years now, the volume of production of agricultural and fishing parts has increased very little, the quality of many of the parts has been poor, and types have been limited. One reason for this is that there has been a shortage of materials. Another reason is that prices have not stimulated the producers. Also, the division of labor and organization of production at the enterprises must be examined, and a uniform increase in supply capabilities must be ensured.

Along with producing engines, water pumps, tractors, and parts, a number of installations have participated in manufacturing equipment for the processing industry and hydroelectric equipment to support agriculture.

During the period 1984-1986, the Southern Machine Corporation, Machine Tool Manufacturing Plant No 1, and a number of machine enterprises and institutes coordinated things to design, manufacture, and install eight cane sugar installations with a capacity of 100 tons per day for the provinces. Machine Tool Manufacturing Plant No 1 is manufacturing and installing a sugar mill with a capacity of 500 tons per day for Phu Khanh Province. As for hydroelectricity, during the period 1982-1986, 38 small hydroelectric stations with a total capacity of 1,650 kw were installed. The Electrical Machinery Plant produced 143 turbines of 30-kw capacity. The Machine Corporation manufactured and supplied 6 sets of rubber processing equipment, 20 sets of paper production equipment, 6 local cement mills, and 22 coffee dryers. In conjunction with the enterprises, the Agricultural Machine Design Institute manufactured 16 feed processors, 6 feed grinders, and 55 linked mills. The experiences in supplying sets of equipment show that from the design to the production, installation, and operation of the equipment, everything from materials and capital to production preparations must be organized and synchronized in order to ensure that the project is completed and manifests results. The reality of today is that not enough small and medium-sized sugar milling equipment, small hydroelectric equipment, and agricultural-products processing equipment is being produced. As for why this is the case, besides the shortage of materials and foreign currency to purchase special materials, things have not been organized well and so the integrated strength of the machine industry has not been exploited. As for agricultural implements, the ministry has selected three types of items (scuffle hoes, insecticide sprayers, and improved carts) on which to concentrate its production strength.

It will produce large numbers of these items and maintain quality. The production of metal consumer products and products to support the consumer goods industry started when the enterprises encountered difficulties in producing traditional types of goods. The enterprises began producing a greater variety of products in order to stabilize production and contribute to maintaining the standard of living of the workers. The metal consumer goods included electric fans, bicycle parts, and minibuses. Besides the economic significance of this, this also resulted in the cities and provinces improving techniques and quality with respect to these goods. In 1986, consumer goods accounted for almost 6 percent of the value of production of machine commodities, an increase of 23.7 percent as compared with 1985. Production chains or sets of equipment have been produced for the localities in order to increase the capabilities for producing consumer goods. For example, Quang Nam-Danang Province has been equipped with a production chain capable of producing 1 million bicycle tires and 2 million inner tubes a year. Vinn Phu Province has been provided with a production chain to produce 200,000 bicycle sprocket wheels. Almost 10,000 fabric machine presses have been produced for the textile sector.

On the scientific and technical front, during the past period, the enterprises and research and design institutes subordinate to the ministry have provided more and more practical support for production and made progress in creating the preconditions and basis for economic planning. However, efforts have not been concentrated on guiding target programs in order to achieve results quickly in production. On the design front, improvements have been made in the structure of the 21HTD-90 type industrial pumps. The flat axles have been converted into upright axles, which has reduced the amount of cast iron by 661 kg per pump. The structure of the funnel drain has been improved, which has saved 40.6 kg of metal per pump. The design of the 22-kw motors has been improved, which has saved 29 kg of sheet metal per item. The 1,100-mm ceiling fan blades have been improved, which has reduced the amount of aluminum used by 10 percent. In 1986 the Viet Hung Engine Plant saved 14 tons of sheet metal as a result of having improved techniques. The Quy Che Tu Son Plant replaced bicycle hubs, reducing the amount of materials used by 30 percent. The Export Machine Tool Plant changed from forging to beating which reduced coal use by 40 percent, and knurling tools, which reduced steel use by 15 percent. The Ben Kien Machine Works used centralized prototype production and saved 200 tons of steel plates. The Co Loa Machine Works perfected minibus manufacturing techniques and saved 2.4 kg of steel per vehicle.

But in general the metal use factor in machinery is still low (approximately 0.6 percent), and much of the cast iron is damaged (approximately 70 percent). Electricity is wasted. There must be more decisive measures in order to reduce material losses in product units.

As for designing and manufacturing new products and providing new technology, during the period 1981-1986, 14 new types of goods were produced, most of which support agriculture. These include:

New types of scuffle hoes--five types with diesel engines and one type with a gasoline engine--water pumps with a capacity of 4,000 and 8,000 cubic meters per hour, and many types of industrial pumps.

Feed processing equipment with a capacity of 3,000 tons per day and cane sugar equipment with a capacity of 30, 50, 100, and 500 tons of sugar cane per day. Hydroelectric turbines up to 1,000 kw, 480-kva generators, 5-kw to 1,000-kw hydroelectric stations, 200-kw electric motors, and 3,500-kva transformers for ferrous metal smelting furnaces. Many new types of goods having high technical standards, including turbines and francis-type hydroelectric stations with a capacity of from 500 to 1,000 kw. A 1,000-kw hydroelectric generator was manufactured for the first time. Serrated cutter 180 ($\alpha=2.5-3$ and 3.5 with matching angles of 14° and 20°).

A general observation is that the technical advances proposed and carried out by the enterprises are usually applied more quickly than those proposed by the research institutes. There is still no close coordination between long-term scientific and technical research and the need to apply the technical advances in the various production spheres. As for economic management, the ministry has reorganized a number of departments and sections based on placing the closely related work themes in one center. The network of training schools has been reorganized in accord with the requirements. At the enterprises, the reorganization of production has focused primarily on determining product and technical plans in order to put production more in line with the needs of the economy and to create additional jobs for the laborers. A number of enterprises have reorganized the apparatus in order to reduce the centers and make the apparatus simpler and more effective. However, reorganization at the ministry's production installations based on a division of labor, specialization, and cooperativization concerning both production and technical research has been carried on slowly even though the ministry has been advocating this for a long time. The research campaigns and studies of machine arrangement at many localities have revealed duplication of effort, deviations, disorder, and confusion in local machine production and in a number of sectors. With its sector management function, during the past several years, the ministry has not done much except to contribute ideas to a number of provinces in order to overcome the disorder in the machine industry. This is a shortcoming of the Ministry of Engineering. However, the state mechanism has not created favorable conditions to enable the ministry to manage the industry well.

Entering 1987, the cadres, workers, and civil servants in the machine industry are being guided by the resolution of the Sixth Party Congress, which points out that during the period of the 1986-1990 plan, human and material power must be concentrated on implementing the three target programs concerning food, consumer goods, and export goods.

The 1987 guidelines and tasks of the machine industry are as follows:

There must be a greater change in reorganizing production and the ministry's production installations and in reorganizing the machine industry throughout the country. In this, priority must be given to the material conditions for the country's three major programs.

At a time when state investment funds are still limited, ways must be found to generate additional sources of funds for intensive investment in a number of machine products to support agriculture, consumer goods, and exports.

The use of the scientific and technical advances in production must be promoted in order to create additional raw materials and materials, reduce material losses, improve the quality of the products, and increase labor productivity and work efficiency. The research institutions must be tied to the production activities in order to support production better.

The policies on changing the management mechanism and ensuring the independence of the production installations must be implemented well, financial management and the management of the materials and commodities must be strengthened, and the production installations must be encouraged to economize on materials.

The administrative and economic management functions of the ministry's agencies must be strengthened, and the apparatus, from the ministry to the production installations, must be simplified and made more effective.

As for the 1987 plan, as compared with 1986, machine production must increase approximately 10 percent. Products to support agriculture must account for 42 percent of the value of production. Consumer products must increase as compared with 1986 and account for 8 percent of the value of gross production and 20 percent of the value of commodities (based on industrial wholesale prices).

A number of agricultural support products for which large increases are expected are:

Bong Sen tractors, a 33 percent increase; diesel engines, a 20 percent increase; and water conservancy pumps with a capacity of 8,000 and 4,000 cubic meter per hour, a 67 percent increase. Attention must be given to increasing the production of parts for agriculture and the processing industry, increasing the number of types of agricultural-fishing parts for making synchronized repairs, and increasing the profits generated by parts 40-50 percent in order to stimulate the production of parts. As for processing equipment, the manufacturing of a set of sugar milling equipment with a capacity of 500 tons of sugar cane per day and three sets of sugar milling equipment with a capacity of 100 tons per day must be completed. The coffee milling equipment with a capacity of 2,000 tons per day must be perfected.

It is expected that the Haiphong sprocket wheel production chain will be put into production.

Lambretta 50s will be put into production in order to continue to study and test the quality of the DX9 gasoline engine.

Production of 10 hydroelectric pumping stations with a capacity of 50, 70, and 100 kva will continue. Production of an additional 1,000-kw turbine for the Muc River (consisting of two turbines), a 1,000-kw turbine for Ha Tuyen, and two 300-kw turbines for Binh Tri Thien will be completed. Preparations will be made for manufacturing a 1,500-kw generator.

Reorganization of production:

In reorganizing the machine industry in the country, the first thing that must be done is to reorganize the local engineering forces in order to support agriculture and consumer goods.

Experiments must be done to find a suitable form of organization for the pump production enterprises, including enterprises in and outside the ministry, in order to increase the volume of production, improve quality, and satisfy the economic needs better. The plans on reorganizing the bicycle, parts, and electric fan sectors must be implemented. There must be product quality control measures for metal consumer goods.

A federation of electrical equipment enterprises and a federation of machine tool and tool enterprises must be organized in order to gain experience and organize other enterprise federations.

A number of institutes or a number of bureaus at various institutes must be used to establish special-sector research and design organizations subordinate to the enterprise federations.

Science and technology: Efforts must be concentrated on preparing technology to produce D22T and gasoline engines. The quality of the engine parts (linings, belts, oil retaining salt) must be improved, and the number of imported parts in these products (wheel hubs, crankshafts, connecting rods) must be reduced.

The production of copper pipe for cane sugar equipment, bimetal grinder techniques, copper-steel wire, emery wheels, and silicon carbon black salt connector for small diesels must be improved. Materials for casting molds must be improved and organized well in order to reduce damage during casting.

Freon cold presses for storing food and 33-cv engines to support marine products and communications and transportation must be test manufactured. A number of topics must be recommended for the SEV program.

Additional engines and special-use machines must be designed and manufactured to support the production of machine goods. In 1987, we will test manufacture rotary presses and electrospark machining tools with the aim of raising labor productivity and improving product quality.

A number of pig iron converter techniques and new casting techniques must be studied in order to reduce the weight of the cast materials, improve quality, and lower production costs.

Techniques must be used to increase the durability of the heat press molds (for scuffle hoes, export implements) and cold press molds (produce electric motors).

The production of intermediary and scarce alloys must be strengthened, and their application in converting iron and steel and nonferrous metal alloys must be expanded.

A number of policies must be implemented in order to encourage the use of the technical advances at the production installations.

In organizing the cadres from the ministry to the production installations, functions and tasks must continue to be examined and given based on the new management requirements, centers must be reduced, and the staff must be simplified in order to make the apparatus simpler and more effective. The production organizations must be rearranged based on the economic and technical sector, and a number of enterprise federations must be established in order to promote specialization and cooperativization and create the conditions for expanding production. The ways of evaluating the cadres must be changed, and the use and promotion of the cadres must be based on the requirements of the new economic management mechanism. Cadre projects must continue to be made more current based on the need to change thinking, behavior, and organization.

Under the light of the resolution of the Sixtn Party Congress and with great resolve and confidence, the cadres and workers in the machine industry will hit the targets set for 1987 and create conditions for making great progress in the coming years.

11943

CSO: 4209/471

GOOD PROSPECTS FOR OIL, GAS INDUSTRY IN SOUTH

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 May 87 p 1

[Article by To Thuy Anh: "An Economic Zone Full of Hope in the South"]

[Text] There was a time when international public opinion was focused on the oil resources of the continental shelf of the southern part of our country. Now, with the wholehearted and effective aid of the Soviet Union, those grand and latent potentialities have gradually become realities. And the Vietnam-Soviet Joint Oil and Natural Gas Enterprise (VIET-SO PETRO) has just met plan objectives and sold 90,000 tons of crude oil (as of 21 April 1987), which, as General Secretary Nguyen Van Linh said yesterday when he came to visit the enterprise, "is good news for our entire party and people."

Right from the time we had liberated the south and unified the fatherland the oil drilling sector has been a strategic one, and our party has concentrated developmental investments on it. We appealed to companies from many countries to come to the continental shelf in the south and cooperate in oil exploration and extraction. Due to many unresolved problems, however, many capitalistic companies that came left again. At that very time, the party and government of the Soviet Union unselfishly and gallantly shouldered our burden with us. As a result of that cooperation, filled with the spirit of the international proletariat, the Vietnam-Soviet Joint Oil and Natural Gas Enterprise came into being, and this organization grew stronger day by day at a pace that surpassed the hopes of the two countries.

In 1984, exploration drilling formally began. In 1985, the first oil deposit was discovered. We carried on crude-oil exploration and exploitation efforts simultaneously. By June 1986, the Vietnam-Soviet Joint Oil and Natural Gas Enterprise had extracted 45,500 tons of crude oil, and by April 1987 we had extracted a total volume of over 90,000 tons of crude oil from the Vung Tau oil fields. The Vietnam-Soviet Joint Oil and Natural Gas Enterprise worked and developed at the same time, building its forces stronger day by day. Drilling rigs grew in number daily over the surface of the sea in the south. Agencies supporting oil exploration and exploitation sprang up continuously. The harbor serving oil and natural gas operations is now fully equipped, with the capability of receiving large ships carrying huge equipment and hundreds of the various types of modules used by the fixed oil drilling cooperation teams. We have also succeeded in building a corps of cadres and workers

skilled in erecting oil derricks; they have even assumed responsibility for the task of moving derricks out into the open sea. Hundreds of specialists and thousands of skilled workers cooperate with Soviet technicians in carrying out oil exploration and exploitation operations. Oil service companies are getting stronger day by day. Oil villages are cropping up, completely changing the appearance of Vung Tau.

According to the report of Comrade Nguyen Hoa, director of the Oil and Natural Gas General Department, in the final years of the 1980's the joint enterprise will extract a volume of oil many times larger than that obtained to date, and those figures will creep up over the first year of the 1990's, sufficient to satisfy nationwide demands for gas and oil. In 1987 alone, the objective of the Vietnam-Soviet Joint Oil and Natural Gas Enterprise is 270,000 tons of crude oil. This is a very modest figure, but it is a very encouraging initial achievement.

Work is currently underway to build a refinery at Thanh Tuy Ha (Dong Nai). The worksite preparation work progressed rapidly on a large, 115-hectare plot of land. Leveling the ground alone took 3 million sq m of earth. In the future, the oil refining area will have its own dedicated electric power plant.

Oil and gas have gushed forth, a refining industry zone is gradually growing, and an oil and gas region will cover the Vung Tao/Con Dao area, a portion of Dong Nai, and Ho Chi Minh City. A new economic zone has appeared with good prospects for success. We wish to express our warm gratitude to the Soviet people, party, and state for sending us uniform equipment, valuable materials, and richly experienced technicians and cadres and helping us build an oil and gas effort from nothing.

A future region of black gold has appeared on the map of Southeast Asia. We know that there are still many difficulties ahead, but we believe that, changing our way of doing things, comprehensively cooperating with the Soviet Union, and ensuring economic effectiveness for both sides, we are certain that we will have great success.

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CSO: 4209/500

BRIEFS

HO CHI MINH CITY BANK--Implementing the resolution of the 2d Plenum of the CPV Central Committee, Ho Chi Minh City has decided to establish an integrated commercial banking system. It will begin by establishing a commercial bank, the Ho Chi Minh City Industrial-Commercial Bank, with branches in the key economic zones. This decision is aimed at overcoming some of the difficulties. Today, the amount of currency in circulation is rather large, but the amount mobilized and returned to the banks is very small. In particular, currency flows to the markets, with the result that the banks do not have sufficient capital to extend credit. This is one of the things that has slowed production, disrupted production, circulation, and prices, and reduced the standard of living of the laborers. This industrial-commercial bank will be an independent economic unit. It will use economic accounting and socialist business practices. It will have its own capital and be financially self-supporting. Together with the State Bank, the industrial-commercial bank will carry out various tasks. It will transfer the cash in the funds at the production, commercial, and administrative installations to the bank and move the cash of the people and cadres that has not been used or that is now being used through the bank. It will actively use this money to support production and business enterprise efficiently. [Text] [Hanoi NHAN DAN in Vietnamese 8 May 87 p 1] 11943

CEMENT FOR MEKONG DELTA--As of 30 April, the Ministry of Building had delivered 8,000 tons of cement to the Mekong Delta provinces in exchange for grain. Materials Supply Corporation No 1 in Ho Chi Minh City was assigned the task of picking up this cement and transporting it directly to the provinces based on the standards of the ministries of agriculture and food industry. [Text] [Hanoi NHAN DAN in Vietnamese 8 May 87 p 1] 11943

RICE SHIPPED TO HANOI--In May, the railroad sector will transport 10,000 tons of grain from the south and 8,000 tons of grain from Haiphong to Hanoi and the northern provinces. Each day, a train will transport more than 300 tons of grain from Ho Chi Minh City to Hanoi. On 7 May, the first train that had left the Song Thanh station in Ho Chi Minh City with 350 tons of grain arrived at the Giap Bat station in Hanoi. The Hanoi Grain Service picked up the grain and delivered it to the grain corporations. [Text] [Hanoi NHAN DAN in Vietnamese 8 May 87 p 1] 11943

CSO: 4209/508

HO CHI MINH CITY BEGINS TRIAL FOR STATE PROPERTY THEFT

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 May 87 pp 1, 2

[Article by H.N.: "Municipal People's Court Tries Largest Case of Misappropriation of Socialist Property to Date"]

[Text] The Municipal People's Court began the first trial of the case of "socialist property corruption and speculation on the lines of transportation" at the 1st Precinct on the morning of 12 May. This is the largest case of misappropriation of socialist property with a very large number of people under indictment.

The indictment states that the port of Saigon took responsibility for piloting and transporting cargo barges to various locations. The port's board of directors signed a contract to lease the Mekong River Transportation Enterprise's (VATASO) tugboat to pilot the barges. In the process of doing so, the convoy and pier commanders, guards, and crewmembers of the barges and tugboat were contacted by some unsavory individuals who enticed them to organize the misappropriation of the cargo on the barges. Through investigation, the legal organization had the grounds to conclude: From November 1980 to September 1984, in 66 barge shipments, the defendants organized the theft of a very large volume of merchandise consisting of 120,294 meters of cloth of various types, 252 bolts of cloth, 34,000 light bulbs, 508,349 kg of rubber, 1,723 tons of fertilizer of various types, 8,298 tons of corrugated roofing sheets, 303,280 bars and 10,398 barrels of soap (each containing 108-160 bars), 79 containers of Western medicine and public health equipment, 31,590 syringes of various types, 184 parcels and 23,000 textbooks, 4,000 spools of sewing thread, 5 tape recorders, 4,700 kg of paint, 42,774 kg of wheat flour, and 12,150 kg of white nylon. Total damages reach to more than 100 million dong (old currency). All of the goods misappropriated by the convoy and pier commanders, guards, and crewmembers in conjunction with the gang of crooked merchants were stolen in areas of Dong Thap Province and An Giang Province. The gang of crooked merchants resold the misappropriated goods to many state agencies in the localities such as the Cho Moi District Consumer Cooperative (An Giang Province), the Cho Moi Trade Corporation, the Thap Muoi District People's Committee (Dong Thap Province), the self-sufficiency team of the Phu Chau District Party Committee office (An Giang), the Cho Moi District Export Corporation, and a number of other places.

Although many people were involved, this was not a crime carried out by a single organization or a single ringleader; many different organizations and individuals carried it out during each transport of the goods. Because many have been indicted in this case, the court cannot try all of them at once for the crimes. This first trial will last 10 days and involve 36 individuals consisting of 3 dishonest merchants, 18 convoy and pier commanders, and 15 tugboat commanders and deputies of the Mekong River Transportation Enterprise (VATASO). Of the 36 defendants being tried, 4 are being tried in absentia (because they either jumped bail or failed to appear). According to the indictment, only 33 convoy and pier commanders and boat commanders and deputies are being tried this time for splitting 4,521,500 dong from their sale of stolen state property to dishonest merchants.

On the afternoon of 12 May, the court began questioning the defendants.

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CSO: 4209/505

RECOMMENDATIONS FOR STRENGTHENING LEGAL CADRES OUTLINED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 16 May 87 p 1

[Article by Trinh Ngoc Thach, 11th Subward, Phu Nhuan Ward, in the column "Forum": "Speak Frankly, Speak the Truth: Cadres Doing Law Work Must Be People Who Understand and Firmly Grasp the Law"]

[Text] We now clearly see that preservation and enforcement of our laws are still fraught with considerable looseness despite the state having attempted to encourage the people to "live and work under the constitution and law."

There are many reasons for this. One of the main ones is that cadres who preserve and enforce laws in organizations are still limited in knowledge.

In addition to limits in professional legal knowledge, cadres involved in law work in subwards and villages--even the precinct level in some places--have reached only a level 2 educational level. The number of judicial cadres in the localities who are level 3 graduates or who have graduated from middle schools and legal colleges can be counted on one's fingers.

This situation has led to damaging consequences in which legal writings and provisions enacted by the state are misunderstood and not enforced uniformly. This does not mention the rules and regulations not provided for by law but rather "creatively" issued by the authoritarian and unprincipled attitude of several cadres in authority. For this very reason, if this is not promptly remedied and corrected, the people will become confused and lose confidence in the socialist legal system.

Adding to this, propagandizing and explaining the law are now just superficial and are not really being emphasized. Ranks of cadres doing this work are very slim and spread too thin to cover all installations and localities.

In this article, we merely propose several procedures aimed toward strengthening both the number and quality of the ranks of cadres engaged in law work. These recommendations are really not new at all because we used to do this. But now it is exceedingly slow.

They are:

1. Train a rank of young cadres to do law work who have sufficient qualifications in terms of education, capabilities, and professional legal knowledge.

This is long-term training (4 years) in order to staff judicial organizations from the ministerial to the service levels and at the central government, and municipal, provincial, etc., levels.

2. Expand enrollment in the Legal Middle School with a view toward training a rank of young cadres with level 3 educational qualifications and basic and specialized legal capabilities and knowledge. This is mid-term training (2 years) to staff the basic level such as subwards, villages, precincts, districts, etc.

3. Recruit men and women who previously have graduated from legal colleges and now want to contribute their specialized expertise to the country. This is a fairly large number of men and women. A number are state cadres, workers and civil servants but who are not assigned to their correct specialty. Others are working in free sectors such as sales, production in cooperation teams, etc.

Our city previously (1983) made use of men and women who had been sent for humanistic law, but this was not widespread. Now, faced with changing trends and with a new outlook, we also ought not to be too strict about their personal history.

Using these men and women, we will shorten the time for training. We only need to equip them with knowledge about Marxism-Leninism, the socialist system, communism, and new viewpoints on the socialist legal system.

Organizations and enterprises--places where these men and women are working -- have the duty to recommend them to the Judicial Service. Neighborhood teams, subward, village, etc., people's committees should discover and nominate other men and women.

We believe that, with such long-term, medium-term, and short-term training procedures, the state in general and the municipality in particular will soon have a hard-working rank of cadres doing law work who have professional legal qualifications and capabilities. This is one of the specific and urgent tasks aimed toward strengthening the effectiveness of the socialist legal system and creating absolute confidence of the people in our party and state.

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BRIEFS

TWO ANECDOTES OF VIETNAMESE LIFE--The newspaper published that there is a class in which teachers and students are in accord with each other: "When the inspection group on the Education Service paid a visit, the entire class raised their hands when the teacher called them to the board to do their lesson. Anyone raising his hand, his finger straight, knows his lesson and the teacher will call on him. Those who don't know the lesson will still raise their hands, but look. Their fingers are slightly curved. The inspection group just saw that the class knew the lesson by heart and studied well." In the story of endearment, a female employee divulged: "When the uncle knows of a marriage, the nephew chief instructs: when the last part of his signature turns up it means agreement to give out goods and when it's level it means to promise a time (no deadline). But when it turns down the answer is the goods are all gone, no approval to sell." At leisurely moments, sharing amusing stories, the chief talks incessantly with her. "Life's that way. Very bewildering. To deal with it easily, you must have such 'hard' and 'playful' handwriting. When approving for 'them,' turn it up, for 'bosom' or 'passing' friends, make it level and, for 'others,' make them wait for awhile by means of a drooping stroke. Living must have a before and after, a coming and going to 'satisfy' each other." One is astonished by these two lessons. One lesson of the teacher, one lesson of the chief, both truly shrewd to a sophisticated level. [Text] [Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 May 87 p 4] 6915

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